

<Contract ID No.>

SUPPLY AGREEMENT

BETWEEN

WORLD ELECTRONICS

AND

SIEMENS MEDICAL SOLUTIONS USA, INC.

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SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT is made as of this 1st day of March, 2014, by and between **WORLD Electronics**, a corporation organized under the laws of Pennsylvania with an address at 3000 Kutztown Road., Reading, Pennsylvania, USA (hereinafter referred to as "Seller") and **SIEMENS MEDICAL SOLUTIONS USA, INC.**, a Delaware corporation, having a business address at 51 Valley Stream Parkway, Malvern, PA 19355 (hereinafter referred to as "Siemens"). The term of this Agreement shall be for a period of 2 years, commencing on the Effective Date and ending on February 29, 2016, unless sooner terminated in accordance with the terms of this Agreement. The term of this Agreement shall be automatically extended for successive one (1) year terms; provided, however, that either Party may terminate this Agreement at the end of the then current term by giving the other Party written notice of such termination no less than one hundred eighty (180) Days prior to the expiration of the then current term. The Term includes any renewal and extension term(s).

WITNESSETH:

WHEREAS, Siemens and its Affiliates (as defined below) may from time to time desire to purchase from Seller, and Seller desires to sell to Siemens and its Affiliates, Products (as defined below) in accordance with the terms of this Agreement;

WHEREAS, the parties wish to define in this Agreement the framework under which Products may (but are not required to be) ordered by or for Siemens and its Affiliates; and

WHEREAS, the parties agree that this Agreement defines the responsibilities of each party and the procedures to be followed in the interactive process to accomplish the common goal of providing cost effective, zero defect, high quality and reliable technical Products on a timely basis, achieved in an environment of increasing competitiveness through improving cooperation and communication between the parties, establishing firm procedures for the quality assurance program and process to be applied, reducing the production and assembly period, and avoiding duplicate methods;

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Siemens hereby agree as follows:

1. DEFINITIONS

(a) **Affiliates**: any corporation or other entity controlled by, controlling or under common control with any other corporation or entity. "Control" means the direct or indirect beneficial ownership of at least fifty (50%) percent of the voting stock of, or at least a fifty (50%) percent interest in the income of, such corporation or entity, or the power to elect at least fifty (50%) percent of the directors or trustees of such corporation, or such other relationship which in fact constitutes actual control.

(b) **Approved Manufacturer List**: any manufacturer, or any manufacturer's material part number, specified by Buyer and purchased by Seller for Buyer's Products.

(c) **Blanket Purchase Order**: a Purchase Order placed with Seller for a specified amount of Products over a period of time against which Buyer shall issue Purchase Order releases when delivery is required and against which Seller will then ship Products and invoice Buyer for payment.

(d) **Buyer**: Siemens, any Affiliate of Siemens, including without limitation Siemens A.G., and/or any contract manufacturer designated in writing by Siemens to purchase Products hereunder for use in parts, subsystems or products manufactured or assembled by or for such contract manufacturer for ultimate supply to Siemens or its Affiliates.

(e) **Critical Substance:** a material not prohibited from being introduced in products of the electrical or electronics industry, but whose use may be restricted based on existing or planned regulation, customer requirement, environmental hazard characteristics, or other business risks.

(f) **Delivery Date:** for parts not subject to a VMI Agreement, the date specified in a Buyer order for Products issued in accordance with this Agreement.

(g) **Effective Date:** the date of this Agreement specified in the preamble hereof.

(h) **Engineering Change:** a Product design change or manufacturing process change of a reasonably significant or critical nature, affecting the performance, price, reliability, safety, serviceability, manufacturability or form, fit or function of the Products.

(i) **Instructions:** such regulatory, safety standards, formulations, procedures, drawings, schematics, notes, specifications and manufacturing information as may be furnished by Buyer to Seller from time to time under this Agreement.

(j) **Kan Ban:** the "pull" inventory and production system used by Buyer for some Products.

(k) **Laws:** applicable local, national and international laws, statutes, ordinances, directives, orders, restrictions, codes, standards, rules, regulations and other requirements of any governmental authority.

(l) **Manufacturing Readiness Review:** the final meeting held at Seller's facility prior to start of production manufacturing of Products whereby both parties review final designs, work instructions, bill of materials, test plans and procedures, inspection requirements, and all other pertinent documents necessary for the successful fulfillment of Seller's obligation to provide the Products and services defined in the Statement of Work.

(m) **Materials:** tooling, materials, equipment, drawings, specifications, designs, technical information, data, fixtures, software programs, dies, jigs, molds, patterns, hobs, electrodes, punches, artwork, screens, tapes, templates, machinery, test equipment, gauges and other equipment and information which have been furnished by Buyer to Seller or paid for by Buyer or developed for Buyer.

(n) **Non-Recurring Charges (NRE):** charges for special development or other activities listed under this designation in the Statement of Work, as agreed to by the parties, which are not Products but which are required to be performed by Seller in order to meet its obligations under this Agreement.

(o) **Open Book Pricing:** the cost of the materials, costs for third-party testing, packaging and transport, labor time, labor costs, overhead, profits or other information requested by Buyer used in the calculation of the price of the Product.

(p) **Product(s):** the items of fully tested finished goods manufactured by Seller and shipped to Buyer pursuant to the terms of this Agreement.

(q) **Programs:** software, and various files, in whatever form (including that which is ROM resident), listings, flowcharts, logic diagrams, operating instructions and any other documentation which may be provided in addition to the software.

(r) **Purchase Order:** an order issued by Buyer to Seller for Products.

(s) **Quality System Regulations (QSR):** the regulations of the United States Food and Drug Administration ("FDA") that establish and regulate the Good Manufacturing Practice for the Manufacture, Pre-Production Design Validation, Packing, Storage and Installation of Medical Devices.

(t) **Recall:** the removal or correction of a marketed Product that the FDA or other regulatory body could consider to be in violation of the Laws it administers.

(u) **Spares:** Spare parts that are used to replace defective or malfunctioning Products or parts of Products during service so as to restore the functionality of the medical equipment or components thereof in which the Spares have been incorporated.

(v) **Specifications:** The Products will be manufactured and conform to the information communicated by Buyer and accepted by Seller either through that portion of each Statement of Work and/or through Engineering Drawings, Test Requirements, ECO's, Product requirements and other such documents as the parties each fulfill their obligations under this Agreement; the documents as described are hereby incorporated in full into this Agreement.

(w) **Statement of Work:** the Product documentation as mutually agreed to in writing by the parties, which describes the work to be performed, the pricing for such work (unless otherwise described in Exhibit A), the Specifications and any supplemental terms that additionally apply to such work. This Agreement may include multiple Statements of Work and each Statement of Work shall be considered separate from each other Statement of Work.

(x) **VMI Agreement:** an agreement between Seller and Buyer relating to vendor managed inventory.

2. SCOPE OF WORK

Seller shall provide the personnel, services, materials, equipment, and facilities necessary for the proper accomplishment of the tasks specified in a Statement of Work, including the Specifications, any of the Instructions provided by Buyer, and the other requirements of this Agreement.

3. COOPERATION OF SIEMENS AND SELLER

(a) Both parties shall actively and in good faith cooperate in meeting the objectives of this Agreement. Each party must undertake its obligations under this Agreement in a manner that allows maximum efficiency and coordination between Seller and Buyer.

(b) In order to manage this Agreement on a day-to-day basis, Buyer may convene business review meetings to review and discuss, among other topics:

- (i) Seller' performance
- (ii) Volume planning
- (iii) Product list
- (iv) Price adjustments
- (v) IT infrastructure plans
- (vi) Input from purchasing, inventory and quality teams

The business review meetings may take place on a quarterly basis.

(c) The business review meetings aim to ensure continuous improvement by, among others:

- (i) Using performance metrics and analysis
- (ii) Revising performance targets and performance metrics to ensure business relevance

(d) In each business review meeting the parties shall pro-actively participate by presenting detailed proposals to ensure a continuous improvement of the parties' performance and by proposing solutions for any ongoing issues or disputes under this Agreement. Both parties must ensure that

representatives having the appropriate level of authority and experience attend these business review meetings so convened. Both parties will use commercially reasonable efforts to ensure that any personnel specifically requested by the other attend as requested.

(e) All issues not agreed or solved in the business review meetings shall be referred within five (5) business days to the senior management of both parties, who shall use commercially reasonable efforts towards a problem resolution.

4. **PERFORMANCE LEVEL**

(a) Seller represents and warrants and shall ensure that:

- (i) The Product manufacturing activities provided hereunder are, in respect of quality, performance, price and timelines, at least equal to the product manufacturing services and activities offered by the world leading providers of product manufacturing services and activities, and
- (ii) The prices, terms, warranties and technology benefits ("Terms") granted by Seller herein are comparable to or better than the equivalent Terms being offered by Seller or any Affiliate of Seller to any present customer.

(b) If Seller enters into arrangements with any other customers providing more favorable Terms, Seller shall notify Buyer and this Agreement shall be deemed amended to provide the same to Buyer from the time Seller first offered such better Terms.

(c) Buyer reserves the right to inspect and examine, or have inspected and examined by an independent third party firm, Seller's financial and business records to ensure compliance with the financial and pricing terms of this Agreement. Seller acknowledges and agrees that as part of Buyer's financial examination, Buyer shall be permitted to audit Seller's materials costs, overhead, and labor costs to ensure Seller's compliance with the pricing terms set forth in this Agreement.

(i) If the examination is conducted by an independent third party, Seller shall have the option to review the examiner's report prior to the release of such report to Buyer. If Seller disagrees with the report for any reason, Seller shall have the right to issue a letter in response, which will be included with the report to Buyer.

(ii) If financial or pricing discrepancies are found during the audit, and price adjustments are required to be paid by Seller to Buyer, Seller shall reimburse Buyer for all costs associated with the examination, and shall make a single payment to Buyer for the aggregate price adjustments owed to Buyer on all Products purchased by Buyer since the Effective Date of this Agreement. Such reimbursements and payments shall occur within thirty (30) days after completion of the examination.

(d) Seller undertakes to continuously improve its Products and develop new generations and to monitor the technological developments in its market. Seller shall use a process of continuous improvement to improve quality and competitiveness, and employ techniques to monitor critical technology and systematic problem solving techniques (statistical methods). Seller shall regularly provide Buyer timely insight into measures for future improvement. On request of Buyer, the parties shall set up a "continuous improvement team" in order to supervise the implementation and performance of this Agreement, comprised of a number of representatives appointed respectively by each of Buyer and Seller.

(e) Seller shall provide Buyer with a set of monthly business metrics as agreed between the parties.

5. FORECASTS

Buyer may, at the request of the Seller, provide Seller with non-binding six (6) month rolling forecasts to be used solely for material and capacity requirement planning purposes. It is agreed that such forecast is for Seller's convenience only. Such forecast shall not constitute any contractual obligations whatsoever under this Agreement to purchase Products. Purchasing commitments shall only be issued pursuant to Section 6 of this Agreement.

6. ORDER PLACEMENT

(a) Buyer may order Products by issuing Purchase Orders to Seller. Buyer may issue Blanket Purchase Orders or discrete Purchase Orders. Purchase Orders may be delivered to Seller by any reasonable means, including but not limited to postal delivery, courier delivery, facsimile transmission, and electronic mail. Purchase orders shall be accepted by Seller if they are placed consistent with the lead times for the Products and consistent with the quantity set forth in the forecast provided. .

(b) If Exhibit D specifies that all or a portion of the Products should be initiated through KanBan, such KanBan will be located at Seller's premises. Seller shall initiate the removal of such Products from the KanBan via a supply request notification, either by facsimile or email to be sent to Seller instructing the delivery of Products in standard containers and lot sizes. Such supply requests shall constitute a binding Purchase Order. Receipt of the supply request by Seller shall immediately result in the generation of a purchase contract for the Product.

(c) In the event Buyer has elected to use a Blanket Purchase Order, Buyer may provide Seller a Purchase Order release notification, either by facsimile or email to be sent to Seller instructing the delivery of Products in standard containers and lot sizes. Such Purchase Order release notification shall constitute a binding Purchase Order against the Blanket Purchase Order.

(d) Purchase Orders or Purchase Order release notification facsimiles or emails shall contain the following information:

- (i) Complete "sold to," "invoice to" and "ship to" addresses.
- (ii) Quantity, description, revision level and price for each Product.
- (iii) Tax exemption number, if any, for the ship-to location.
- (iv) Delivery Date.

(e) Seller will use all reasonable efforts to accommodate Product volume increases and decreases directed by Buyer.

(f) The lead-times for Products are set forth in Exhibit A and shall remain fixed or decrease. As lead-times decrease, the last lead-time will be the baseline for future lead-times. Seller will meet with Buyer on a quarterly basis, unless otherwise agreed by Buyer, to establish and review a plan that Seller can implement to effect reductions in lead-times, to allow improved flexibility in ordering and delivery. Seller shall use its best efforts to reduce lead times a minimum of twenty percent (20%) per year.

(g) Minimum Order Quantities (MOQ) for components Seller purchases for Buyer's Products shall remain fixed or decrease. As MOQs decrease, the last MOQ will be the baseline for future MOQs. Seller shall use its best efforts to reduce the average MOQs for components a minimum of ten percent (10%) per year.

(h) Seller agrees to implement a vendor managed inventory (VMI) program at no additional charge to Buyer and located at Seller's premises. . Seller will maintain VMI safety stock with a minimum of three (3) and a maximum of four (4) weeks of finished good inventory at their Reading, Pennsylvania facility. Finished goods can be delivered to Buyer within one (1) business day.

(i) Terms set forth in any Seller acknowledgment that are in addition to, inconsistent with or different from the terms set forth in this Agreement or in any Purchase Order issued pursuant hereto shall not become part of the terms of sale of Products to Buyer.

(j) Seller agrees to invoice Buyer no later than ninety (90) days after delivery of Products in accordance with the terms of this Agreement. Buyer will not be obligated to make payment against any invoices submitted after such period. In addition, if Seller exceeds one (1) year without providing written documentation for the purpose of collecting payment on any invoice, Buyer shall not be obligated to make payment against such invoice regardless of when the initial invoice was submitted.

(k) In the event that any given invoice fails to match the Purchase Order in regard to price, quantity or revision, the Purchase Order shall prevail.

(l) The parties acknowledge and agree that neither Siemens nor any of its Affiliates nor any contract manufacturer referred to in Section 1(d) shall have any liability for the obligations of any other party making purchases of Products under this Agreement, and that the rights of the "Buyer" hereunder may be exercised individually by each party purchasing Products under this Agreement.

7. CONSIGNED INVENTORY

(a) If Buyer so requests, Seller shall offer Buyer a consignment inventory program at no additional cost consisting of pre-defined inventory levels of Products which are to be stored at Seller's facilities. All Products in such inventory shall remain the property of Buyer until Seller removes the Products from inventory and notifies Buyer of the same. Seller assumes all risk of loss or damage to consignment inventory that may occur on its property or the property of its designated consignee. Seller agrees to maintain adequate insurance as appropriate, relating to this risk of loss or damage. Buyer shall have the right upon reasonable advance notification to periodically inspect inventory that has been consigned to Seller with the purpose of verifying unused inventory levels.

(i) Upon Buyer's request, Seller shall coordinate shipment of consigned Products to Buyer's designated consignment address. Seller also shall utilize the most economically feasible transportation means available, including but not limited to the utilization of Buyer's designated carrier. Any deviation from the most economic means of transport available is subject to Buyer's written approval.

(ii) Should Engineering Changes be required on the consigned Products, Seller shall in good faith implement the changes immediately to minimize effects on existing finished goods inventory, subject to Section 15.

(iii) Seller shall invoice for only that inventory removed from consignment. Payment terms for consigned goods shall be as described in Section 11.

8. MANUFACTURING RESPONSIBILITY

(a) Seller will be responsible for establishing and maintaining the manufacturing, testing and quality assurance process for each Product, or have Product manufactured by subcontractors pursuant to Section 8(d). Seller will provide all major capital equipment that is required to manufacture and test the Products, however Buyer will provide all, Siemens specific, test protocols and equipment for Seller to use in the manufacturing process. The test equipment and protocols are the property of Buyer but will be kept at the Seller's facility while this agreement is in effect. Unless otherwise agreed upon in writing by the parties, Seller will provide all of the engineering design, manufacturing technology, labor, material and facilities necessary for the manufacture of Products.

(b) Seller shall manufacture, package, assemble and test the Products in accordance with the Statement of Work, including the Specifications, any Instructions and the other requirements of this Agreement. The design and properties of any sample that Buyer may leave with Seller or that Seller

manufactures and Buyer accepts shall be deemed to supplement the Instructions. If there is a sample, it shall be checked for conformity with the description, and Seller shall confirm such conformity.

(i) As Seller becomes aware of any changes to the QSR or other Laws affecting the Products or discovers that the Instructions are incorrect, ambiguous, incomplete or not in conformity with Buyer's and/or Seller's specifications, approvals or requirements, then Seller will immediately advise Buyer in writing so that Buyer may make any necessary adjustments to the Instructions. Seller shall include with the notification its proposal for remedying the aforementioned deficiencies. No such remedy shall be incorporated without the express written approval of Buyer.

(c) Prior to the initial production of Products, Seller and Buyer shall conduct a joint "Manufacturing Readiness Review" and/or pass a "first article inspection" process to ensure that the Products can be manufactured cost effectively with a goal of zero defects.

(d) Any subcontractor Seller employs in the performance of this Agreement must be approved in writing by Buyer in advance. Seller shall ensure that any subcontractor utilized by Seller in the manufacture of Products shall also meet all of the requirements imposed on Seller pursuant to the terms of this Agreement. Seller shall at all times remain liable for any obligations or duties owed to Buyer under this Agreement, regardless of whether Seller uses subcontractors in accordance with this Section. Buyer shall have the right to audit and approve the subcontractors' manufacturing and quality process and supply chain control system, and Seller shall facilitate such audit.

9. APPROVED MANUFACTURERS

(a) If Buyer shall issue Seller an Approved Manufacturer List ("AML"), then Seller shall only purchase materials from suppliers on the AML, unless Buyer otherwise agrees in writing. Further, Seller shall be held liable for all costs for rework and/or replacement associated with the rejection of material by Buyer resulting from Seller's use of vendors not on the AML. Buyer shall provide written documentation of any AML updates that occur as a result of Engineering Change Orders, new product introductions, or other activity. Any requests by Seller for changes to the AML must be submitted in writing to Buyer. Upon receipt of a revised AML, it shall be Seller's responsibility to compare the new version to the previous List, and to update all related internal documents accordingly.

(b) Seller represents that all Products delivered to Buyer will have a clear traceability to the original material manufacturer other than Buyer-consigned materials. In the event that it is critical to Seller to purchase materials from secondary sources, such as brokers, Seller will obtain prior written approval from Buyer before purchasing such materials.

10. PRICING AND PRICE REDUCTIONS

(a) The initial prices for the Products shall be as set forth in Exhibit C. The prices for Products shall remain fixed or decline. As prices decline, the last price paid becomes the baseline for future pricing. Only approved modification or specification changes of a Product that are above and beyond the performance requirements set forth in the Product Specifications and/or Statement of Work (or similar document) will be considered as a basis for a price increase. Any such price increases shall be mutually agreed upon by the parties. The prices for any Non-Recurring Charges shall be as set forth in an Exhibit to this Agreement. The prices for the Spares shall be as set forth in Exhibit G.

(b) Product Prices are DDP or FCA Destination as Specified by Buyer per Incoterms 2010, unless otherwise designated in the Purchase Order. Special expedited shipping requests by the Buyer will be the Buyer's obligation.

(c) Aggregate Buyer purchases under this Agreement shall be reviewed by the parties at the commencement of every second and fourth calendar quarter. Seller shall give Buyer a tiered corporate discount off Product pricing based on such aggregate purchases over the previous rolling twelve (12) month period. The discount will apply to all Purchase Orders placed and/or Products delivered during the

next six (6) month period, at the conclusion of which Buyer's aggregate purchases for the rolling previous twelve (12) months will be calculated again, and a new discount will be applied to the next six (6) month period. Seller shall confirm each six (6) month volume discount in writing. The discount schedule is set forth in Exhibit C. (This will be calculated annually. Aggregate purchases in excess of \$5M will receive a rebate credit of 1% to be used over the ensuing calendar year; aggregate purchases in excess of \$9M will receive a rebate credit of 2% to be used over the ensuing calendar year.)

(i) All Purchase Orders for Products placed by Buyer and any other parties purchasing Products under the terms of this Agreement shall be aggregated for purposes of determining the volumetric pricing.

(d) Prices quoted will include testing and/or submittals for Product approvals or any annual file maintenance fee, such as for MDD, CE, UL, VDE, CSA or FCC.

(e) All prices and all credits, payments and refunds will be in U.S. dollars.

(f) Buyer and Seller shall share equally in all cost savings derived from joint value engineering activities for up to six (6) months after the cost savings measures are implemented. Thereafter, all cost savings shall inure solely to Buyer. In addition, Buyer will realize one hundred percent (100%) of any cost savings based on any changes made at the direction of Buyer, including but not limited to process, manufacturing and component changes. Any changes must be in compliance with any quality requirements specified in this Agreement and as otherwise agreed by the parties. Notwithstanding anything to the contrary contained herein, all material savings are to be passed through to Buyer at one hundred percent (100%). This reduction is exclusive of all other implied savings in regards to reductions in cost due to overall volume increases.

(g) In the spirit of maintaining a positive business relationship and ensuring Buyer's goods consistently achieve an overall market competitiveness, Seller will work aggressively with Buyer to achieve the mutually agreed upon overall annual price reduction goals for each successive year under this Agreement. In no event will price reductions be less than 3% for year one and 2% for each subsequent consecutive year of production following the Effective Date of this Agreement. This reduction is exclusive of all other implied savings with regard to reductions in cost due to overall volume increases.

(h) Seller and Buyer will review prices on a semi-annual basis to allow for timely price reductions, with Seller providing Open Book Pricing to Buyer a minimum of fourteen (14) working days prior to the scheduled review. Except as set forth in Section 10(g), any change to prices shall be by mutual agreement in writing by the parties. The following information will be required prior to pricing review:

- (i) Inventory (finished goods, work in process, raw) by part number and current standard cost and last purchased price
- (ii) Consumption plan by current revision
- (iii) Open order status for raw material
- (iv) Costed bill of materials at new standard cost and last purchased price
- (v) A master list by assembly number that is affected by the price change
- (vi) Such other information as Buyer may reasonably request

(i) No additional charges of any type, including without limitation, packaging, labeling, taxes, storage, insurance, boxing and crating will be added without Buyer's express written consent. No specific tooling, tools or other machinery or test equipment will be amortized and included in pricing under this Agreement.

11. PAYMENT

(a) Buyer will forward payment sixty (60) calendar days from the date of receipt of a valid and correct invoice for all Purchase Orders or releases with the exception of Products mutually designated as

consignment inventory. Buyer will discount all invoices paid within fifteen (15) days by the amount of one percent (1%). Amounts owed to Buyer due to rejects or returns of non-conforming goods or services will be, at Buyer's option, either credited against current or future invoices or paid by Seller to Buyer within thirty (30) days from Seller's receipt. Buyer shall have the right at any time to set off any amount owed by Seller or any of its Affiliates to Buyer against any amount owed by Buyer to Seller pursuant to this Agreement.

(b) Seller shall pay all taxes, assessments, permits and fees, however designated, which are levied on the Products purchased by Buyer hereunder, excluding taxes based upon Buyer's income. Each Party is responsible for its own respective income taxes or taxes based upon gross revenues, including, but not limited to, business and occupation taxes.

(c) Following removal of Products from the consigned inventory, payment for consignment inventory is net sixty(60)days after date of receipt of a valid and correct invoice.

(d) Unless otherwise agreed to in writing Seller must register for eInvoicing with buyer. Invoices must also be provided to buyer electronically. Information can be found at <https://www.smed.com/SupplierStandards/>

12. **DELIVERY**

(a) Seller shall deliver the Products FOB Destination, freight and insurance prepaid. Buyer may specify the carrier by so indicating on the face of its order, or by separate agreement/notification; otherwise, Seller shall select the carrier. Products that are to be delivered in installments or increments other than in accordance with Buyer's schedule shall require the approval of Buyer prior to shipment. Any shipments that will be late for arrival shall require prompt prior notification by Seller to Buyer, such that both parties may act to minimize the impact of late delivery.

(b) Buyer is not obligated to inspect the Product upon arrival at the facility where the Products are received other than to perform a visual inspection of the shipping package for obvious and apparent outwardly visible damage prior to installing Product into Buyer's equipment or next higher assembly. Upon any evidence of damage noted from the above-mentioned inspection, Buyer will notify Seller in writing (or via electronic mail or other electronic media agreed to between the parties) if it discovers that the Products do not meet the requirements of this Agreement.

(c) Products shall be considered accepted only after Products have complied with the agreed upon acceptance criteria, or similar requirements provided, if applicable, in the Statement of Work, including the Specifications, any Instructions and the other requirements of this Agreement.

(d) Subject to inspection and acceptance, Buyer will be liable for payment only for quantities ordered and delivered. Over-shipments shall be held at Buyer's destination at Seller's risk and expense for a reasonable period of time awaiting shipping instructions. Shipping charges to and from Buyer's destination for unauthorized shipments shall be at Seller's expense.

(e) Products shall be delivered no earlier than five (5) days prior to the Delivery Date and no later than the scheduled Delivery Date (unless the Delivery Date is changed by Buyer). If Seller is required to use any expedited delivery methods in order to meet the scheduled Delivery Date, any additional shipping charges shall be paid by Seller. In addition, Seller shall deliver to Buyer's site, at Seller's sole cost and expense, any late shipment of Products by expedited freight. Partial deliveries are counted as late shipments, and will only be considered complete when all Products have been delivered

(f) If the delivery is late due to causes other than the fault of Buyer or a Force Majeure Event (as defined in Section 34), Seller will send the Products by fastest means available, and all freight cost will be assumed and paid for by Seller.

(g) Seller shall use its reasonable best efforts to meet any Buyer request for expedited delivery. If Seller incurs any additional shipping charges as a result of any such requested expedited delivery, Seller shall notify Buyer and Buyer shall approve or disapprove of such charges. If Buyer approves such charges, Buyer shall pay such charges within sixty (60) days after Buyer receives reasonable documentation of such charges. Such documentation will be submitted to Buyer no later than fifteen (15) days after delivery. If Buyer disapproves of such charges, Seller shall not be required to complete such expedited delivery. There shall be no additional or other charges payable by Siemens in connection with any expedited delivery.

(h) Buyer shall have the right, without incurring any liability to Seller, to change the location for a delivery or reschedule the Delivery Date for orders or adjust quantities specified in the orders, by giving Seller written notice at least ten (10) days prior to the scheduled Delivery Date, unless shorter lead times are mutually agreed to by the parties. The maximum amount that can be rescheduled is 50% of the purchase order. (If delivery locations are changed delivery terms will need to be addressed)

(i) Buyer may place any portion of a Purchase Order on hold by providing notice, which will take effect immediately upon receipt. Purchase Orders placed on hold will be rescheduled or cancelled within ninety (90) days. Any Purchase Order cancelled shall be subject to the terms and conditions of this Agreement. All finished good stock produced to Buyer's PO quantity is the responsibility of the buyer and can be invoiced immediately. All work in process is the responsibility of the buyer within 60 days of notification.

(j) Notwithstanding the foregoing, failure by Seller to meet the committed Delivery Date(s) shall also, in lieu of the discounts set forth in (e) above, allow Buyer to cancel the applicable Purchase Order, and Buyer shall have no liability to Seller whatsoever, whether the Purchase Order was for standard Products or Custom Products (as defined below in Section 13). All finished good stock produced to Buyer's PO quantity is the responsibility of the buyer and can be invoiced immediately. Parties will work together to mitigate and minimize all WIP value –add. All work in process is the responsibility of the buyer within 60 days of notification.

(k)

(l) Seller agrees to report to Buyer all deliveries of Product and quantities of active open orders on at least a quarterly basis.

(m) Packaging of the Products shall be made with material and in a manner suitable for air, ocean or truck freight shipment and in compliance with the Statement of Work, including the Specifications, or the Instructions. Seller shall strive to utilize minimal packaging materials as is reasonably possible and still ensure safe arrival and will use best commercial efforts to utilize packaging material that is the least environmentally disruptive as possible.

(n) Title and risk of loss shall transfer to Buyer only after quality acceptance of Product at Destination. The rejection of Products by Buyer may be made by individual units or by lot rejection.

13. TERMINATION OF PURCHASE ORDERS

(a) Buyer may cancel any Purchase Order placed hereunder, in whole or in part, at any time for its sole convenience, by giving written notice of cancellation to Seller. Upon Seller's receipt of such notice, Seller shall, unless otherwise specified in such notice, immediately stop all work with respect to such Purchase Order, give prompt written notice to and cause all of its vendors or subcontractors to cease all related work and, at the request of Buyer, return any Materials provided to Seller by Buyer with respect to such Purchase Order.

(b) There shall be no charges for the cancellation of a Purchase Order for Products or components of Products that are sold by Seller to the general market, or used by the general market. Buyer will be responsible for payment of authorized Products already shipped by Seller but not yet invoiced. Notwithstanding anything to the contrary, Seller shall not be compensated in any way for (i) any

work done after receipt of Buyer's notice of cancellation; (ii) any costs incurred by Seller's vendors or subcontractors after receipt of Buyer's notice of cancellation; (iii) any costs Seller could reasonably have avoided; or (iv) Products and components of Products that are sold by Seller to the general market, or used by the general market. Upon receipt of such notice, Seller shall immediately stop work as specified in the notice to WORLD electronics. Buyer's liability to Seller with respect to such termination shall be limited to: (a) the purchase price set forth in the Purchase Order for Material released to production, and (b) Seller purchase price plus 6% handling fee of components procured within lead time to support the blanket purchase order requirements not returnable or usable in Seller's other operations or saleable to Seller's other customers in the ordinary course of business over a reasonable period of time. Seller shall make all reasonable efforts to minimize Buyer's liability due to cancellation by utilizing effective inventory management techniques.

(c) Any claim for cancellation charges for Products that are unique and exclusive to Buyer and cannot be used in the general market ("Custom Products") must be submitted to Buyer in writing within fourteen (14) calendar days after receipt of Buyer's cancellation notice, along with a summary of all efforts undertaken by Seller to mitigate costs. Unless there is a shorter lead-time for a Product, Seller's claim may only include the net cost of the Custom Product work in process or finished goods scheduled to be delivered within thirty (30) days of Buyer's notice to cancel and which must be scrapped due to the cancellation. If there is a shorter lead-time for the Product called for in the cancelled Purchase Order, such thirty (30) day period shall be shortened to the period equal to such lead-time. Seller shall, wherever possible, use best efforts to mitigate costs for Custom Products. Upon payment of Seller's claim, Buyer shall be entitled to all work and materials paid for.

(d) Seller shall not make any NC/NR Material purchases to support Buyer's then-current forecast or orders unless such NC/NR Material is on Buyer's pre-approved written list of NC/NR Material prior to Seller's purchase of such material. Any NC/NR Material not on Buyer's pre-approved list will need Buyer's written approval prior to purchase. The NC/NR Material list will be reviewed by Buyer or Seller either at the quarterly business review or upon written request. As used herein, "NC/NR Material" shall mean material in inventory or on order deemed non-cancelable or non-returnable by manufacturer.

(e) Before assuming any payment obligation under this Section, Buyer may inspect Seller's finished goods inventory, work in process and raw inventory, and audit all relevant documents relating to a Purchase Order cancellation prior to paying Seller's invoice.

(f) In the event Seller, for any reason, breaches this Agreement, in addition to any other remedies Buyer might have, Seller shall, without charge, provide such assistance and materials, including but not limited to drawings, schematics and other documents and materials, as Buyer may reasonably request, to enable Buyer or any third party specified by Buyer to manufacture the Products and, if requested by Buyer, Seller shall reasonably assist Buyer in locating other parties to continue the manufacture of the Products. In addition, Seller hereby grants to Buyer a worldwide, perpetual, non-exclusive royalty-free license (which license shall not be exercised unless and until Buyer exercises its rights under this subsection) under all applicable patents, copyrights, trade secrets, mask work rights and other proprietary rights, for the purpose of manufacturing and having manufactured the Products and distributing Products and having them distributed to end users.

14. END-OF-LIFE NOTIFICATIONS

(a) Seller agrees that it shall maintain the capability to supply Products, and shall accept Purchase Orders for Products, subject to the terms and conditions of this Agreement for a minimum of seven (7) years. In the event that Seller intends to obsolete any of the Products or discontinue manufacture of any of the Products after such period, Seller shall notify Buyer in writing with as much advance notice as possible, but in no event less than three hundred sixty five (365) days prior to the date of the intended discontinuation or obsolescence, accompanied by documentation supporting the discontinuation or obsolescence. In such an event, Buyer shall be entitled to place, and Seller shall accept, "end of life" Purchase Orders for the Products without limitation in quantity. In addition, Seller shall provide to Buyer, without charge, such assistance and materials, including but not limited to drawings,

schematics and other documents and materials as Buyer may reasonably request, to enable Buyer or any third party specified by Buyer to manufacture the Products and, if requested by Buyer, Seller shall reasonably assist Buyer in locating other parties to continue the manufacture of the Products. Seller hereby grants to Buyer a worldwide, perpetual, non-exclusive royalty-free license (which license shall not be exercised unless and until Buyer exercises its rights under this subsection) under all applicable patents, copyrights, trade secrets, mask work rights and other proprietary rights, for the purpose of manufacturing and having manufactured the Products. If any warranty return claims are made for such discontinued Products, then such returns will be subject to the warranty provisions of this Agreement. Any Product that Seller provides to replace an obsolete or discontinued Product shall be at an equal or lesser price than the price of the original Product.

(b) As Seller is notified by component suppliers and distributors of the end of availability of a given part due to obsolescence or manufacturing changes, Seller will notify Buyer immediately in writing with attached documentation from the supplier or distributor supporting the notification. Seller will work with suppliers and distributors to give as much advance notice to Buyer as possible, and to reduce the exposure of loss of material availability by seeking alternate sources or allocations. Seller will seek distributors who will bond end-of-life material for Buyer's use to mitigate the need for end-of-life buys, to avoid, if possible, noncancellable /nonreturnable requirements and to minimize any additional handling or storage fees. If Seller is unable to find a distributor to support these requirements, then Seller will purchase and hold the amount of material specified by Buyer to support the Product life time demand requirements at no additional charge to Buyer.

15. CHANGES

(a) Seller will not make any Engineering Changes to the Products without first obtaining Buyer's written consent. Buyer shall approve or disapprove an Engineering Change within thirty (30) business days from receipt of Seller's written request. Further, in the event Seller designates an Engineering Change as "URGENT" or "RUSH", Buyer shall use all reasonable efforts to authorize approval or disapproval within forty-eight (48) hours of receipt. In all cases of a request for an Engineering Change:

- (i) Seller will continue to deliver unchanged Products in accordance with the provisions of this Agreement if Buyer does not approve of the Engineering Change.
- (ii) Seller will supply Buyer with a description detailing the anticipated effect of the Engineering Change.
- (iii) Buyer, in good faith, has the right to approve or disapprove any Engineering Change.

(b) Buyer may from time to time request in writing that Seller implement an Engineering Change. Such request shall be accompanied by an Engineering Change Order ("ECO") form with a written description of the proposed Engineering Change (sufficient to permit Seller to evaluate its feasibility), a revised Bill of Materials ("BOM"), drawings, media, and a proposed implementation date. Within a maximum of five (5) business days of such request, Seller will advise Buyer in writing of the conditions under which Seller would implement the Engineering Change, if any. Seller's evaluation will include, at a minimum, the cost to implement and any cost savings or increase as a result of the Engineering Change. The parties shall agree to any Engineering Change that may apply directly to the unit price of a Product within a maximum of five (5) business days from the date that Seller receives Buyer's notice of an Engineering Change. Orders shall be amended accordingly. In the event that Buyer designates an Engineering Change as "URGENT" or "RUSH", Seller will use all reasonable efforts to respond to Buyer's request within one (1) business day of receipt. Any documentation or tooling relating to a previous revision of the Product shall be archived or stored by Seller in the event of the need for out of warranty service repair or Purchase Orders for Spares.

(c) In addition, Buyer may from time to time request in writing that Seller implement changes in the method of shipping and packaging/packing. Seller will immediately notify Buyer of the cost of

implementing such change, if any, and Seller will not proceed with implementing such change until Seller receives approval of such cost. If implementation of such change results in a reduction of costs, Seller will correspondingly reduce its charges to Buyer. In order to be entitled to any price increases or schedule extensions related to any such change order, Seller must submit its written claim for adjustment within fifteen (15) days after receipt of the written change order. However, nothing in this clause shall excuse Seller from proceeding with the manufacturing of Products. Seller's written claim evaluation will include, at a minimum, the cost and delivery impact, if any, including a detailed listing of any cost savings or increase as a result of the change, and any NRE noted as separate line items.

(d) If any Engineering Change is implemented by Seller, Seller will notify Buyer in writing of the disposition to be made of those parts affected in raw inventory, work in process, and finished goods. Further, Seller will advise Buyer of the disposition of current Purchase Orders not yet processed at the time of the Engineering Change. Seller and Buyer shall mutually agree on reimbursement to Seller for any and all obsolete materials and rework that result from the implementation of any Engineering Changes prior to Seller initiating implementation of the same. Seller will use all reasonable efforts to minimize the cost exposure generated by obsolete Product parts. Seller will make all reasonable efforts to return all materials to the suppliers thereof prior to reimbursement and settlement. Notwithstanding anything to the contrary contained herein, Buyer's liability for any material identified by Seller as obsolete due to the implementation of any ECO initiated by Buyer will be limited to that quantity and price agreed to by the parties, consistent with the forecasts and orders previously issued by Buyer.

16. WARRANTIES BY SELLER

(a) Seller warrants that (i) the Products supplied to Buyer are new; (ii) at the time title to the Products passes to Buyer, such title will be free and clear of all liens, claims and encumbrances of any kind; and (iii) for a period of twenty four(24)months from the Delivery Date to Buyer, the Products will (A) meet all of Seller's commercial specifications for the Product, (B) meet the Specifications, any Instructions and the other requirements of this Agreement and the Purchase Orders issued hereunder, and (C) be free from defects in design, materials and workmanship. Seller further warrants that all such Products shall conform to any statements made on the containers, labels or advertisements for such Products. Seller warrants out of warranty repaired parts for the Products to be free from defects in design, materials and workmanship for a period of one (1) year from the date of repair by Seller.

(b) Products installed in Buyer's customer base which require field service shall remain under warranty after repair has occurred.

(c) Any inspection, testing, acceptance or use of Products shall not preclude Buyer from asserting any claim against Seller for a breach of the above warranties within the warranty period. The warranties shall survive cancellation of Purchase Orders.

17. LIMITATION OF LIABILITY

IN NO EVENT SHALL ANY PARTY BE LIABLE TO THE OTHER PARTY, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, INDEMNITY OR ANY OTHER LEGAL THEORY, FOR LOST PROFITS OR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, LIQUIDATED, INCIDENTAL, PUNITIVE, OR EXEMPLARY DAMAGES WITH RESPECT TO ANY MATTERS RELATING TO THIS AGREEMENT, REGARDLESS OF WHETHER THE OTHER HAS BEEN ADVISED OF THE POSSIBILITY OF THE SAME.

18. BUYER'S REMEDIES FOR PRODUCTS UNDER WARRANTY

(a) Seller shall, at Seller's expense and at Buyer's option, repair or replace any Products that fail to meet the warranties set forth in this Agreement. Such repair or replacement shall occur within seven (7) business days of Seller's receipt of the defective Product. Without limiting the foregoing, the cost of freight and handling to return or replace such Products shall be at the expense of Seller. In the event Seller cannot repair, replace or redesign a Product, and can demonstrate to Buyer such inability to repair,

replace or redesign the Product, Buyer shall be entitled to a full refund with respect to such Product. In addition to and without limiting its warranty obligations set forth in this Section, Seller shall also be liable for the quality discounts set forth in Section 24 below.

(b) In addition, if there is a defect in materials and/or workmanship for more than one Product, Seller at its sole cost and expense shall:

- (i) Investigate and determine the root failure cause within fourteen (14) days of receipt of failed Product;
- (ii) Institute Seller Corrective Action Report (SCAR) quality/manufacturing controls; and
- (iii) Supply on-site technical services and parts for the Products, if requested by Buyer.

If Seller is for any reason unable to repair or replace a defective Product in order to meet the needs of Buyer, Buyer shall invoice Seller at the current manufacturing rate of \$150.00 per hour, plus the cost of any materials required, in order to repair the Product at Buyer's facility. In the event Buyer is unable to repair such Product, then Buyer shall be entitled to take a credit equal to the purchase price of the defective Product(s) against future invoices.

(c) Remedies available to Buyer shall not apply to:

- (i) Design deficiencies in Products which were designed solely by Buyer and manufactured by Seller for Buyer;
- (ii) Any modifications and/or alterations to the Product by Buyer, or any portion thereof, without obtaining the prior written authorization of Seller; and
- (iii) Any defect, loss or damage resulting from theft, loss, fire, misuse, abuse, negligence, vandalism, acts of God, accident, casualty, power failures or surges, or failure to follow installation, operation or maintenance instructions, or any other cause beyond Seller's reasonable control.

19. **OUT-OF-WARRANTY REPAIR SERVICES, REFURBISHMENT AND SPARE PARTS PROVIDED BY SELLER**

(a) Seller shall provide out-of-warranty repair, replacement and refurbishment services and Spares with respect to the Products as provided in Exhibit F. Such services and Spares shall be priced per the Spare Parts Price list or at a fixed labor rate described in Exhibit G, for repairs of no more than \$45 per hour,

(b) Out of warranty products that are determined by Buyer to be defective and requiring repair or replacement shall be returned to Seller, with freight and insurance to be paid by Buyer. Buyer shall issue a Purchase Order with respect to the defective Product. Seller shall repair or replace the defective Products within twenty (20) business days of receipt of Buyer's notice. In a service emergency, Seller agrees that, within twenty-four (24) hours of notification from Buyer that the Product is being returned to Seller, Seller shall ship to Buyer a new replacement Product, or if not available, then a repaired Product, F.O.B. Destination, with freight and insurance paid by Seller. Seller shall comply with Buyer's routing and shipping instructions noted on the face of the Purchase Order. No charges for boxing, crating, cartage or similar charges will be paid by Buyer unless otherwise noted on the Purchase Order. Each Product shall be packaged, marked and otherwise prepared in accordance with the appropriate Buyer specification. Seller shall mark each package with Buyer's Purchase Order number.

(c) Seller shall repair out-of-warranty Products and provide Spares for Products for a period of not less than ten (10) years from the last production ship date of the Product. Parties will work cooperatively to resolve any component obsolescence issues related to the age of design.

20. CONFIDENTIALITY

(a) Each party shall use the same efforts it uses to protect its own confidential information (but in any event, no less than reasonable care) to hold in strict confidence and to require its personnel to hold in strict confidence and not disclose to any third party without the prior written consent of the disclosing party, and not use in any manner except to perform its obligations under the terms of this Agreement, any confidential business or technical information of the other party in its possession which is related to any Product or Statement of Work or any confidential business or technical proprietary information obtained from the other party (or any of its Affiliates) in connection with the transactions contemplated hereunder. Such confidential information specifically may include, without limitation, all engineering drawings, specifications and other technical documentation, any proposed design and specifications for future products and products in development, marketing plans, costs and pricing information, and all third party information required to be maintained in confidence. Upon the request by or for the disclosing party, the receiving party shall surrender to the disclosing party or destroy all materials remaining in its possession containing any such confidential information including all copies, extracts, or transcriptions, regardless of media.

(b) For purposes of this Agreement, information shall not be deemed confidential:

- (i) if such information is generally available from public sources other than as a result of the breach of this Agreement;
- (ii) if such information is received from a third party not under any obligation to keep such information confidential; or
- (iii) if the recipient can demonstrate that such information was independently developed by the recipient without use of any confidential information of the other party or its Affiliates.

(c) Neither party shall be liable to the other for a breach of these confidentiality obligations to the extent it is required by law or any governmental body to disclose any confidential information of the other party; provided, however, unless otherwise required by such governmental body or such law, the party providing such information to such governmental body or disclosing the same pursuant to requirement of law shall first notify the other party so as to enable the other party opportunity to take steps it deems appropriate to protect its confidential or proprietary information.

21. INDEPENDENT CONTRACTOR; COMPETITION

(a) Each of the parties hereto shall conduct the work to be performed hereunder as an independent contractor and not as an agent or employee of the other party. Subject to the terms and conditions of this Agreement, each party shall choose the means to be employed and the manner of carrying out its obligations hereunder. NEITHER PARTY HAS AUTHORITY TO ASSUME OR CREATE ANY OBLIGATIONS ON THE OTHER'S BEHALF, EXPRESS OR IMPLIED, WITH RESPECT TO PRODUCTS OR OTHERWISE. Without limiting the generality of the foregoing, neither party shall make any representation, guarantee or warranty on the other party's behalf.

(b) Nothing in this Agreement shall limit the right of Buyer to develop, have developed, procure and/or market products or services now or in the future, including any which may be competitive with those which are the subject of this Agreement.

22. REGULATORY REQUIREMENTS

(a) Seller agrees and shall certify that (i) Products shall be manufactured in compliance with all applicable regulatory requirements, including but not limited to the QSR and International Standards Organization ("ISO") requirements and certain other similar regulations and requirements to be reviewed and agreed between the parties and (ii) Products meet the standards necessary to obtain safety and other approvals for the Products according to all applicable regulatory specifications, including without limitation, UL, CSA, CCIB, CE and FCC. Seller is responsible for obtaining and maintaining all approvals and

permits required for the Products, including without limitation those of the United States Food, Drug and Cosmetic Act of 1938, as amended. However, if any approvals or permits are required as a result of the use of the Products with, or the incorporation of the Products into, any non-Seller provided or manufactured products, then Buyer is responsible for obtaining and maintaining any such approvals and permits. Buyer may request that Seller, at Buyer's expense, obtain other regulatory approvals for the Products as may be required for Buyer's business. Buyer will designate Seller's manufacturing location as the manufacturing location for the purposes of any such approvals. Seller will cooperate with public and private regulatory organizations to allow periodic inspections at mutually agreeable times to maintain such approvals.

(b) Seller shall maintain, as necessary, an appropriate level of ISO certification with the governing body selected by Seller and approved by Buyer. Further, Seller shall support Buyer's QSR compliance activity and internal ISO 13485 activity.

(c) Should the Product(s) fail to meet any applicable approvals, standards or regulations, Seller shall at Buyer's request, cease production, until Buyer and Seller agree to required changes and applicable qualifications are met.

(d) Seller shall promptly notify Buyer if Seller has any knowledge of any issues with respect to Products that relate in any way to quality or safety and that could be applicable to Products distributed by Buyer to its end customers.

(e) Seller shall manufacture each Product only in those facilities that have been qualified and approved by Buyer.

23. HIPAA REQUIREMENTS

Without limiting the obligations of Contractor otherwise set forth in this Agreement or imposed by applicable law, Contractor agrees to comply with all applicable requirements of the Health Insurance Portability and Accountability Act and the regulations promulgated thereunder ("HIPAA"), as well as any substantive changes made to HIPAA pursuant to Title XIII of the American Recovery and Reinvestment Act of 2009 (Public Law No. 111-5) (the "HITECH Act") and the regulations promulgated thereunder. In furtherance of the foregoing, Contractor agrees to comply with the requirements set forth on Business Associate Addendum attached hereto as Exhibit I.

24. QUALITY ASSURANCE

(a) Seller shall use its best efforts to meet the following quality performance criteria: 100% of the time, Products delivered shall conform to the requirements of this Agreement, and shall not, among other things, be defective in design, materials or workmanship.

(b) As set forth below, in addition to, and without limiting, Seller's warranty obligations set forth in Section 16, Buyer shall be entitled to measure Product quality, and receive discounts on Products that do not meet the specifications or quality requirements.

(i) Factory Defect Rate. At Buyer's discretion, Buyer may measure Product quality, as appropriate, through a Factory Defect Rate. The "Factory Defect Rate" shall be the number of defective or non-conforming Products found to be defective, either (A) through inspection upon delivery; or (B) in subsequent assembly or installation and testing at Buyer's factory, divided by the total number of Products received, per review period, expressed either as a percentage or in parts per million (PPM). Buyer and Seller agree that the maximum acceptable Factory Defect Rate, by Product, is set forth in Exhibit B. The Factory Defect Rate is subject to continuous improvement by Seller, and regularly reviewed and updated through quarterly supplier reviews, or at any other time at Buyer's option.

(ii) Field Defect Rate. At Buyer's discretion, Buyer may also measure Product quality through a Field Defect Rate. The "Field Defect Rate" shall be the number of a specific Product that is found to be defective or non-conforming in the field (i.e., at a Buyer's customer's site or in-transit locations between Buyer and its customers), divided by the total number of that Product that is in use in

the field, per review period, expressed either as a percentage or in PPM. Buyer and Seller agree that the maximum acceptable Field Defect Rate is set forth in Exhibit B. Field Defect Rate shall be subject to continuous improvement by Seller, and regularly reviewed and updated through quarterly supplier reviews, or at any other time at Buyer's option.

(iii) **Excess Defect Discount.** Once a Product has either a Factory Defect Rate or Field Defect Rate in excess of the maximum levels set forth in Exhibit B, such Product may, at Buyer's option, be subject to a price discount (an "Excess Defect Discount") for the subsequent calendar quarter, as indicated in the matrix set forth in Exhibit B, which details target review period, quality levels, maximum volume of defects, discounts, and a process for determining fault, with respect to the Products. If Buyer intends to claim a price reduction pursuant to the Excess Defect Discount, it shall notify Seller in writing and Buyer shall apply a credit for the amount of the Excess Defect Discount beginning with Seller's next invoice.

(iv) **Epidemic Failure.** In the event of an Epidemic Failure, Seller shall, at Buyer's option, promptly repair or replace Products, at Seller's full expense, delivered under this Agreement, for a period of five (5) years from the date of shipment of the original defective Product. Seller will commence a root cause analysis within five (5) calendar days following notice of such Epidemic Failure and shall promptly implement all remedial actions necessary to correct the failure. In addition to and without limiting its warranty obligations set forth in Section 18 or pursuant to this Epidemic Failure Section, Seller will reimburse Buyer for any and all expenses, materials, reasonable freight and labor charges for replacing, repairing or redesigning the affected Product(s) already received by Buyer, and which may be in Buyer's facility and/or in the field. As used herein an "Epidemic Failure" is a failure of a Product caused by, but not limited to, defects in material, workmanship, manufacturing process and/or design deficiencies, at a failure rate affecting in excess of three percent (3%) of the Products shipped in any rolling three (6) month period during production, which measurement period shall commence on the date of the first shipment of the Product that manifests such failure. If the Product is out of production the average of the last two (2) year's production will be used to calculate the failure rate.

(v) **Failure Analysis.** Except as set forth in subsection (iv) above, Seller shall provide an initial failure analysis report with respect to any failed Product within fourteen (14) calendar days of receipt of an Product returned by Buyer for which Buyer has requested a failure analysis report. As promptly as practicable thereafter, Seller must provide Buyer with a detailed failure analysis report which identifies the root cause(s) of the failure observed, details what is being done to correct the problem(s), and results in rapid failure correction. Any costs associated with the failure analysis and report preparation are the full responsibility of Seller, unless previously agreed in writing by Buyer.

(c) Seller shall establish and maintain a quality assurance program and process that meets the requirements stipulated in Exhibit E hereto (Quality Assurance Agreement). Seller shall provide a copy of its quality assurance program if Buyer so requests and, at Buyer's discretion, Buyer shall have the right to audit such quality assurance program to determine compliance. Buyer shall provide Seller, if requested in writing, with guidance in defining a program that meets these requirements. Seller shall manufacture and test the Products in conformity with the rules of its quality assurance program. In the event that third parties manufacture Products, or subsystems of Products, for Seller, Seller warrants that such third parties are in compliance with the Quality Assurance provisions contained in this Section 24. Seller shall inform Buyer of all modifications to the agreed upon quality assurance program and to the quality assurance procedures.

(d) Prior to each delivery to Buyer, Seller shall test the Products in accordance with the testing protocols, methodology and procedures as agreed by the parties.

(e) Seller shall immediately inform Buyer of any technical notices or quality issues with respect to Products and, subject to Section 15, inform Buyer ninety (90) days prior to any changes in Product design, processes, production methods, parts, materials and components and any other changes (including manufacturing location changes) that may impact Product form, fit, safety, efficacy or regulatory clearance. Seller shall promptly provide to Buyer, at Seller's cost, any and all technical information, parts, components, software, materials, replacements, corrections, additions, modifications and/or upgrades, to the Products that are necessary and related to product safety.

(f) Seller shall keep records (documentation) of the quality assurance procedures it has taken, in particular for measured values and test results, and shall maintain the records and any Product samples in an orderly manner, so that they are accessible to Buyer. Seller shall guarantee Buyer, upon request, free access to inspect the records described in this Subsection (f) and shall allow Buyer to obtain Product samples for evaluation and testing. Seller shall also assist Buyer in evaluating the records and samples.

(g) Seller shall grant to Buyer's representative free access to Seller's manufacturing facilities and premises, to the extent this may be required for confirming the existence and functioning of Seller's quality assurance program and its operation (quality audit). Buyer shall give Seller reasonable advance notice of the visit of its representative.

(h) If Seller receives from third parties (e.g., its own suppliers) advance supplies (e.g., component materials, software, services, manufacturing or testing equipment) for the manufacture or the quality assurance of the Products, Seller shall assure the quality of such advance supplies either by its own means or requiring the third party, through contractual obligation, to comply with Seller's own quality assurance program. Seller agrees that all materials it procures or acquires in connection with the Products shall be purchased from Seller's approved suppliers and tested/verified in accordance with Seller's specifications. Seller shall ensure the quality of such purchased parts, tools, etc., and maintain accurate records on the disposition of any non-conforming material that it receives.

(i) If Seller determines, in the course of manufacturing and/or testing Products that the Products deviate from Seller's published specifications, the Statement of Work, including the Specifications, any Instructions or any other requirements of this Agreement, Seller shall immediately inform Buyer thereof and shall immediately determine the total number and the location of defective or possibly defective Products. Seller shall maintain serial number or batch lot traceability as appropriate for the Products or, if this is not possible, it shall otherwise ensure that the requirements of the preceding sentence are met. Seller shall keep Buyer informed of Seller's tracking system in such a way as to allow Buyer itself to find defective Products at any time. Seller shall take corrective action, such as improving production methods, materials, parts, test procedures, test facilities, etc. Until the corrective action is effective, Buyer may require Seller to implement special measures (e.g., greater test frequency) for a reasonable period of time. Seller shall bear any extra costs arising as a result of the special measures. Seller agrees to respond in a timely manner to Buyer's quality related corrective action requests (not to exceed seventy-two (72) hours for those requests made by the cognizant Quality Engineer) as a result of quality non-conformances.

(j) The parties agree to establish regular quality review meetings. Topics for such meetings may include the following, but will not be limited to:

- (i) Review of quality acceptance criteria as part of a cost improvement program;
- (ii) Quality performance (receiving inspection/installation results);
- (iii) Corrective action results/change control;
- (iv) Field problem reviews; and
- (v) Regulatory impacts.

(k) Buyer may send Seller a corrective action request that will detail a problem or discrepancy found with the Product, whether the Product is returned or not. Seller is responsible to take all reasonable action to investigate and respond in the timeframe specified on the corrective action request as to the action taken or planned to be taken to resolve the problem or discrepancy. Seller agrees to respond in a timely manner to Buyer's quality related corrective action requests (not to exceed seventy-two (72) hours for those requests identified as "Critical") as a result of quality non-conformances.

(l) Seller shall maintain quality records (as defined in the applicable ISO standard) with respect to the Products supplied to Buyer for a period of fifteen (15) years following the cancellation of any Purchase Orders, at which time at least the following records shall be delivered to Buyer: part drawings and Specifications, material acceptance records, manufacturing travelers and final acceptance records.

(m) Seller represents and warrants that configuration management and change control procedures are in place and under the control of Seller's quality system.

(n) Seller and Buyer shall amend this Agreement to the extent required to comply with all applicable Laws, including but not limited to the regulations of the FDA.

25. ENVIRONMENT, HEALTH AND SAFETY

(a) Seller shall fully comply with all applicable environmental, occupational health and safety Laws of any governmental authority having jurisdiction, as well as any international standards specified by Buyer. In addition, Seller agrees to work cooperatively with Buyer in order to improve the environmental, occupational health and safety issues/aspects of the Products, activities and services associated with this Agreement.

(b) The Seller certifies that the Products have been and will be manufactured without the use of any class I substances as that term is defined in Sections 6.11 and 601 of the Clean Air Act (42 USC 76j and 766f), as now in existence or hereafter amended, and regulations issued by the United States Environmental Protection Agency thereunder.

(c) The Seller warrants that (i) each chemical substance contained in the Products is on the inventory of chemical substances compiled and published by the U.S. Environmental Protection Agency pursuant to the Toxic Substances Control Act, and (ii) all Material Safety Data Sheets required to be provided by Seller for the Products shall be provided to Buyer prior to shipment of the Products, with changes to the Product or relevant Seller data, and shall be complete and accurate, and (iii) all Products shall be shipped in conformance with government and/or freight laws, regulations and other requirements applicable to dangerous goods and hazardous materials.

(d) The Seller warrants that none of the Products or packaging delivered to the Buyer contain any of the materials listed in the attached "**List of restricted materials with prohibited applications**" Annex in concentrations above the threshold limits specified therein, unless explicitly approved by the Buyer in writing. The Seller shall inform the Buyer if any of the Products or packaging delivered to the Buyer contain any of the materials listed in the attached "**List of restricted materials to be declared**" Annex in concentrations above the threshold limits specified therein, unless explicitly approved by Siemens in writing.

(e) The Seller shall inform the Buyer if any of the Products delivered to the Buyer are, or release, substances, polymers or preparations as defined by EU REACH, and if so, shall provide datasheets conforming to EU REACH Annex II.

(f) The Seller shall either join the BOMCheck service to provide information on restricted materials, or otherwise complete, sign and submit the attached **Restricted Materials Annex** covering materials contained in any of the Products and/or the packaging.

(g) The Seller shall provide a safety data sheet (SDS) for each hazardous substance or mixture (as defined in any federal, state or local statute, law, code, rule or regulation) ordered under the Agreement. Each SDS must contain all required information concerning the hazardous substance or mixture, in format(s) agreed upon by the Buyer.

(h) Seller shall comply with current Siemens Product Related Environmental Protection (PREP) system requirements for contractors, including the following:

- (i) Where technically and economically feasible, Seller shall select non-Critical Substances over the Critical Substances set forth in the Critical Substances Annex attached hereto in the design and manufacture of Products.

- (ii) Upon request of the Buyer, the Seller shall provide the identity and amounts of substances and materials contained in the Products and packaging, based on the product substance/material list provided by the Buyer. Information shall be provided using the forms or software tool provided by the Buyer.
 - (iii) Seller shall cooperate with Buyer to improve Product-related environmental aspects (issues) associated with Products and packaging.
 - (iv) Seller shall label thermoplastic parts per ISO 11469.
 - (v) If Seller provides a trade good, Seller shall provide disassembly instructions for it. For non-trade goods, Seller shall provide disassembly instructions or the information that the Buyer needs to write disassembly instructions.
- (i) The Seller shall provide information on types, numbers, locations and uses of batteries, disposables and consumables contained in Products delivered to the Buyer.
- (j) The Seller shall label Products purchased hereunder according to product take-back and material restriction laws and regulations in relevant jurisdictions, as specified by the Buyer.
- (k) Insofar as the Buyer is legally obliged to take back and/or dispose of Healthcare Products, packaging and batteries at the end of their lifecycle, the Seller shall take the Products, packaging and batteries back at its own expense.
- (l) The Seller shall provide injury rate and severity rate data for its facilities that are used to manufacture the Products purchased hereunder on at least an annual basis and otherwise upon request by the Buyer, to the extent this data is available.
- (m) Seller shall provide employees and contractors, both in the United States and internationally, with a safe workplace, by identifying and eliminating causes of occupational injuries and illnesses, developing safe products and manufacturing processes, and monitoring compliance with local Laws. Seller shall use continual improvement to reduce health and safety hazards associated with workplaces supporting Products.
- (n) Seller shall abide by the minimum recommended standards of basic labor rights of the United Nations International Labour Organization ("ILO"), including freedom of association, right to organize, abolition of forced labor, elimination of child labor, and equality and anti-discrimination rights. The ILO guidelines can be found at www.ilo.org.
- (o) Buyer will notify Seller of any non-compliance with the provisions of this Section and corrective action to be taken. Seller shall, after receipt of such notice, immediately take such corrective action. If Seller fails to or refuses to comply promptly, Buyer may issue a stop work order, stopping all or part of the work until satisfactorily corrective action has been implemented. No part of the time lost due to any such stop work order shall be the subject of a claim for extension of time or for cost or damages by Seller. Without limiting the foregoing, Seller shall promptly notify Buyer if it has received any willful health, safety or environmental violation or has been convicted of any criminal offense, and Buyer may, without any liability to Seller, terminate all Purchase Orders in such event.
- (p) The Seller shall promptly notify the Buyer if it has received notice of any health and/or safety violation, or serious or significant environmental violation, or has been convicted of any criminal offense with respect to a health, safety or environmental violation. The Buyer has the right to terminate the Agreement for cause should such a situation occur.

26. **PERSONNEL**

(a) Seller agrees to staff the engineering, technical development, design, and/or manufacture of Products at a level (both in quantity and quality) that is reasonably satisfactory to Buyer. In this regard, Seller agrees to provide and maintain an organization chart that delineates the personnel assigned to support Buyer. Buyer has the right to reasonably request that specific personnel work on Products.

(b) Seller will inform Buyer in a timely manner of any intended dedicated personnel changes (as defined in Section 26(c)) in the organization supporting the engineering, technical development, design, and/or sales support of Products, before said changes are implemented. Seller will not make personnel changes to the development or design team without Buyer's prior approval.

(c) Buyer has the right to evaluate, on a quarterly basis, "dedicated" personnel, meaning personnel working on Products at least seventy five percent (75%) of their time, and determine if their performance is satisfactory. If the performance of an employee is not satisfactory, Seller agrees to either take steps to engage that employee in a performance improvement program or to remove the employee immediately from the development, design, and/or manufacture of Products. Seller agrees to review potential replacement candidates with Buyer, and assign replacement personnel that are at a level in quality and experience satisfactory to Buyer.

(d) Seller shall conduct background checks and drug testing of all personnel who will provide services under this Agreement at any Buyer location or customer site. Subject to applicable Law, this background check shall include a search of criminal records (including misdemeanors and felonies) in all counties and states of residence of such personnel (including a search of married and maiden names, where applicable), as well as a records check of national convictions, for the prior seven (7) year period. Seller shall also search the databases of the General Services Administration (GSA) and the Office of Inspector General (OIG), as well as the Global Watch Alert (GWA) list, to ensure that such personnel are not identified on any such databases. The drug test shall include a 5-panel DOT or a 5, 7 or 10 panel non-DOT drug screen. Seller will not assign an individual to provide services at any Buyer location or customer site if the foregoing background checks do not show a clean record or if the drug testing shows any positive results. Seller will either provide Buyer with evidence of the background checks and drug tests or otherwise certify to Buyer in writing that such personnel assigned to perform services at any Buyer location or customer site have satisfied the background checks and drug testing as described herein. In addition, Buyer shall have the right to conduct an audit of the records of the Seller, upon reasonable advance notice to the Seller, to ensure the Seller's compliance with the foregoing.

(e) Seller represents that (i) neither it nor any of its officers, directors, employees or agents has been debarred, excluded or suspended from, or otherwise determined to be ineligible to participate in, Medicare, Medicaid or any other federal or state health care programs, nor is Seller or any of its officers, directors, employees or agents the subject of any inquiry or investigation regarding participation in such programs which could reasonably lead to suspension, debarment or exclusion from, or ineligibility to participate in, such programs, (ii) neither it nor any of its officers, directors, employees or agents has ever been convicted of a criminal offense related to the provision of health care items or services, and (iii) it shall not knowingly employ or contract with, with or without compensation, any individual or entity listed by a federal agency as debarred. Seller hereby agrees to promptly notify Siemens of any threatened, proposed, or actual exclusion from Medicare, Medicaid or any federal or state health care programs. Seller shall make reasonable inquiry into the status of any officer, director, employee or agent by reviewing, at a minimum, the Health and Human Services-Office of Inspector General Cumulative Sanctions Report (located at www.oig.hhs.gov/fraud/exclusions/listofexcluded.html) and the General Services Administration List of Parties Excluded from Federal Procurement and Non-Procurement Programs (located at www.epls.arnet.gov), which internet sites may be revised from time to time by the U.S. government. In the event that Seller or any of its officers, directors, employees or agents is debarred, excluded or suspended from, or otherwise determined to be ineligible to participate in, Medicare, Medicaid or any federal or state health care programs, or if at any time after the effective date of this Agreement it is determined that Seller is in breach of this Section, this Agreement shall, at the option of Siemens as of the effective date of such exclusion or breach, terminate.

(f) If Seller employees perform work for Buyer at any Buyer location or any third party location, then (i) Seller agrees to comply with Siemens' publication titled "Environmental, Health, Safety and Security Compliance Guidelines for Contractors" and other site-specific environmental health and safety requirements provided by Buyer, (ii) unless otherwise agreed by the parties hereto, Seller's personnel shall observe the working hours, working rules, holiday schedules and policies of Buyer while working on Buyer's premises, and (iii) Seller shall maintain an accurate record of, and promptly report to Buyer, all work-related incidents (those that resulted and those that could have resulted in injury or illness) associated with its work performed for Buyer under this Agreement, and shall either submit an incident investigation report or shall fully cooperate with Buyer's incident investigation.

27. **RECALL**

In the event of any Recall of any Product, whether voluntary or involuntary, caused by any act or omission of Seller, (a) Seller shall promptly replace the recalled Product without charge to Buyer, and (b) Seller will reimburse Buyer for any and all expenses, materials, reasonable freight and labor charges for replacing, repairing or redesigning the affected Product(s) already received by Buyer, and which may be in Buyer's facility and/or in the field.

28. **CERTIFICATE OF CONFORMANCE**

Seller shall ensure that each lot of each Product part number (inclusive of critical components and sub-assemblies) shall retain a Certificate of Conformance ("C of C") statement to the effect that the Products manufactured by Seller are in accordance with specifications and documented requirements as required under this Agreement.

29. **EXPORT**

(a) Each of the parties shall comply with all applicable export control Laws with respect to the export of or re-export of technical data and Products pursuant to this Agreement, and agrees to determine and secure in advance of any export, any and all licenses and permits as may be required by applicable Laws with respect to such export. Each of the parties shall provide the other with such Letters of Assurance or other documentation as may be required or reasonably requested in order to export or re-export the Products or technical data used in connection therewith. Seller shall keep Buyer informed of any restricted or prohibited destinations, export or use with respect to any Products, parts or components, or technical data or information disclosed or provided by Seller hereunder.

(b) In no event shall either party or its Affiliates be bound by any terms and conditions that contravene any export Laws or other Laws of any applicable countries including but not limited to the Laws of the United States of America and the Federal Republic of Germany. All orders are subject to the obtaining of any required export or re-export licenses and permits under the applicable Laws. The parties shall cooperate with each other in providing such information as may be required in order to apply for and obtain all necessary export licenses and permits.

30. **MATERIALS**

All Materials are the property of Buyer. Such Materials shall be used by Seller only for the benefit of Buyer, shall be clearly marked as Buyer's property and shall be delivered to Buyer upon request. In the event that Seller is unable to return or deliver immediately to Buyer all such Materials in Seller's possession because of a law or order of the bankruptcy court then in effect, Seller shall fix appropriate notices and labels on all such Materials to indicate ownership by Buyer and shall store such items separately from other items in Seller possession. If Buyer requests the return of any Materials from Seller and Seller determines that the return of such Materials prevents Seller from providing the Product to Buyer under this Agreement and/or the applicable Buyer Purchase Order issued hereunder, Buyer and Seller shall negotiate a mutually acceptable resolution. Seller shall be responsible for repairing, upgrading,

replacing and/or maintaining all Materials. Materials shall be deemed to be Buyer confidential information and shall be treated as such by Seller in accordance with the confidentiality provisions of this Agreement.

31. INSURANCE

(a) Seller will maintain sufficient insurance coverage against the risk of damage to or loss of the Products until such time as the Products are delivered to Buyer or to a third party in accordance with instructions received from Buyer, arising from fire, explosion, theft, inclement weather, civil commotion, riot, malicious mischief, or any other cause, covering the interests of Seller and Buyer as their respective interests may appear. Seller will also maintain all statutorily required insurance with respect to employee health and safety.

(b) Additionally, if in the performance of this Agreement, Seller is required to work in and/or enter premises occupied by or under the control of Buyer or a third party, or to use or operate property furnished by Buyer, Seller shall procure and maintain during the entire performance period of this Agreement, public liability property damage and Worker's Compensation insurance in prudent, reasonable, and/or statutory amounts adequate to cover Seller's obligations with insurance companies acceptable to Buyer.

(c) Seller shall provide, upon Buyer's request, acceptable evidence of the required coverage as follows:

- (i) certified copies of insurance policies that provide the required coverage, or
- (ii) certified copies of existing insurance policies that have been endorsed to provide the required coverage, or
- (iii) certificates of insurance executed by the insurer or its authorized representative that certify the required coverage.

(d) The furnishing of acceptable evidence of required coverage shall not relieve Seller from any liability or obligation for which it is responsible.

(e) If at any time Seller neglects to maintain the insurance required pursuant to this Agreement or fails to deliver evidence of insurance as required, Buyer may, but only upon giving Seller five (5) days prior written notice, effect such insurance as the agent and at the expense of Seller by taking out policies with companies satisfactory to Buyer running for a period not exceeding one year in any one policy. Buyer shall be entitled to recover the uninsured amount of any loss or damages and the cost and expenses of suit suffered or incurred during any period when Seller shall have failed or neglected to provide such insurance

32. PLANT VISITS

Buyer may upon reasonable advance notice to Seller conduct visits of Seller's manufacturing facility.

33. NOTICES

All notices (other than Purchase Orders and confirmations issued under this Agreement) from one party to the other under this Agreement shall be in writing and either personally delivered or sent via overnight delivery service or certified mail, return receipt requested (E-mail or other electronic media are not acceptable except as otherwise expressly provided in this Agreement), postage prepaid and return receipt requested to:

Seller: _____

ATTENTION:

Buyer: Siemens Medical Solutions USA, Inc.
51 Valley Stream Parkway, M/S E48
Malvern, Pennsylvania 19355
ATTENTION: Strategic Procurement

Copy to: Siemens Medical Solutions USA, Inc.
51 Valley Stream Parkway
Malvern, Pennsylvania 19355
ATTENTION: Associate General Counsel

or to such other person or places as either party may designate from time to time by notice hereunder. Such notices shall be deemed effective upon delivery or three (3) days after deposit in the mails, if sent by overnight mail, in accordance herewith.

34. **FORCE MAJEURE**

(a) Neither party shall be liable to the other party for failure or delay in the performance of any of its obligations under this Agreement for the time and to the extent such failure or delay is caused by a Force Majeure Event. For purposes of this Agreement, a "Force Majeure Event" shall mean a riot, civil commotions, wars, hostilities between nations, governmental Laws, embargoes, actions by government or any agency thereof, acts of God, storms, fires, accidents, strikes, sabotages, explosion or other similar or different contingencies beyond the reasonable control of the respective parties.

(b) Upon execution of this Agreement, Seller shall provide a disaster recovery plan to Buyer for use in the event of a Force Majeure Event. If a Force Majeure Event shall occur, Seller shall use all commercially reasonable efforts to implement the disaster recovery plan. Seller shall provide an updated disaster recovery plan to Buyer on an annual basis or upon Buyer's request.

35. **INTELLECTUAL PROPERTY RIGHTS**

(a) The Product, the Statement of Work, including the Specifications, any Instructions, any and all drawings and other documents related thereto, and any and all changes to and modifications of the Product, the Statement of Work, including the Specifications, the Instructions and such drawings and other documents are the sole and exclusive property of Buyer, and Seller shall have no rights thereto.

(b) Title to any Programs provided by Buyer to Seller to be used in the manufacture of Products will remain with Buyer. Buyer hereby grants to Seller a non-exclusive license to use and reproduce the Programs for the purposes of manufacturing Products for sale to Buyer hereunder.

(c) Except for any licenses that are expressly granted by this Agreement, nothing in this Agreement or any course of dealing between the parties will be deemed to create a license from either party to the other of any intellectual property, whether by estoppel, implication or otherwise.

(d) The parties acknowledge that no license or authorization of any kind to use any trademark or tradename of the other (either registered or unregistered) is granted by this Agreement. Each party agrees that it shall not use the trademarks or tradenames of the other party (or any term or terms similar to such trademarks or tradenames) in connection with any product, service or advertising, except with the prior written consent of the other party.

36. **INFRINGEMENT; PRODUCT LIABILITY**

(a) Buyer shall not have any liability of any kind, including any liability based on the legal theory of product liability, strict or otherwise, related to the Products including, but not limited to, any use to which the Products are put by Buyer or any customer of Buyer. Seller shall defend, indemnify and hold Buyer harmless from any and all claims, demands, losses, liabilities, costs, damages and expenses, including reasonable attorney's fees, arising in connection with the Products, by a third party alleging harm

or damage caused, directly or indirectly, by the Products, provided that Buyer informs Seller of the claim as soon as reasonably practicable and reasonably cooperates with Seller in the defense and settlement thereof.

(b) Seller warrants that the Products, and any part thereof, shall be delivered free of any rightful claim of any third party for infringement or misappropriation of any patent, copyright, trademark or other proprietary right. Seller shall defend, indemnify and hold Buyer and any of its customers harmless from any and all claims, demands, losses, liabilities, costs, damages and expenses (including reasonable attorneys fees) based on any such claim by a third party, provided that Buyer informs Seller of the claim as soon as practicable and reasonably cooperates with Seller in the defense and settlement thereof.

37. COMPLIANCE WITH LAWS AND RULES

(a) Seller shall comply, at its sole cost and expense, with all Laws governing the manufacture, assembly, transportation, import, export or sale of Products by Seller. Seller shall defend, indemnify, and hold Buyer harmless from any and all claims, demands, losses, liabilities, costs, damages and expenses, including reasonable attorney's fees, arising out of, in whole or in part, Seller's violation of any Law in the performance of this Agreement. Without limiting the foregoing or any other provision of this Agreement:

(i) If Seller is a U.S. company, Seller represents and agrees that it is in compliance with Executive Order 11246 and implementing Equal Employment Opportunity regulations, the Vietnam Era Veterans' Readjustment Assistance Act as amended by the Veterans Employment Opportunities Act of 1998 (including Vietnam-era Veterans and other Veterans who served on active duty during a war or campaign or expedition for which a campaign badge has been authorized), and the Immigration Act of 1987, unless exempted or inapplicable. Seller shall indemnify and hold Buyer harmless from any penalties assessed against Buyer because of its violations of said Laws due to its relationship with Seller under this Agreement.

(ii) Seller shall comply with all applicable Laws regarding non-discrimination in terms and conditions of employment, payment of minimum wage and legally mandated employee benefits, and compliance with mandated work hours.

(b) While on Buyer's premises, Seller agrees to abide by all Buyer's rules and regulations that are provided to Seller in writing, posted conspicuously or easily observed while on Buyer's premises or customarily followed or known by third party invitees, including, but not limited to, security, health, safety, environmental and hazardous material management rules, and rules prohibiting the use of physical aggression against persons or property, harassment and theft. Seller shall, at Buyer's request, immediately remove from Buyer's premises any of Seller's personnel who are in breach of this Agreement. Such removal shall not affect Seller's obligation to perform under this Agreement.

38. CODE OF CONDUCT AND CORPORATE RESPONSIBILITY

Corporate Responsibility is a fundamental and central part of Siemens' strategy for safeguarding the future success of Siemens and its business partners. Through a focus on Corporate Responsibility, Siemens is committing to address economic, social, ethical and environmental issues in its policies and practices. In furtherance of the foregoing:

Supplier shall comply with the principles and requirements of the 'Code of Conduct for Siemens Suppliers' attached hereto as Exhibit H (hereinafter referred to as the 'Code of Conduct').

If requested by Siemens, supplier shall not more than once a year either – at its option – provide Siemens with (i) a written self-assessment in the form provided by Siemens, or (ii) a written report approved by Siemens describing the actions taken or to be taken by supplier to assure compliance with the Code of Conduct.

Siemens and its authorized agents and representatives and/or a third party appointed by Siemens and reasonably acceptable to supplier, shall be entitled (but not obliged) to conduct – also at suppliers' premises – inspections in order to verify suppliers' compliance with the Code of Conduct.

Any inspection may only be conducted upon prior written notice of Siemens, during regular business hours, in accordance with the applicable data protection law and shall neither unreasonably interfere with suppliers' business activities nor violate any of suppliers' confidentiality agreements with third parties. Supplier shall reasonably cooperate in any inspections conducted. Each party shall bear its expenses in connection with such inspection.

In addition to any other rights and remedies Siemens may have, in the event of (i) supplier's material or repeated failure to comply with the Code of Conduct or (ii) supplier's denial of Siemens' right of inspection as provided for in the third paragraph of this article, after providing supplier reasonable notice and a reasonable opportunity to remedy, Siemens may terminate this agreement and/or any purchase order issued hereunder without any liability whatsoever.

Material failures include, but are not limited to, incidents of child labor, corruption and bribery, and failure to comply with the Code of Conduct's environmental protection requirements. The notice and opportunity to remedy provision shall not apply to violations of requirements and principles regarding of the child labor as set out in the Code of Conduct or willful failures to comply with the Code of Conduct's environmental protection requirements.

39. WAIVER OF TERMS HEREIN; SEVERABILITY

(a) Failure of either party to enforce any term or condition of this Agreement or any rights with respect thereto, or failure to exercise any election provided herein, shall in no way be considered a waiver of such term, condition, rights or elections or in any way affect the validity of this Agreement. The failure of any party to enforce any of said terms, conditions, rights or elections shall not prejudice such party from later enforcing or exercising the same or any other terms, conditions, rights or elections.

(b) The provisions of this Agreement are severable and in the event that one or more of such provisions shall be held to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect so long as the absence of the severed provision does not frustrate the purpose of this Agreement.

40. GOVERNING LAW AND ASSIGNMENT

The construction and performance of this Agreement shall be governed by the laws of State of Pennsylvania, USA, without regard to conflict of law provisions thereof. Assignment of this Agreement may be made only upon the written consent of both parties; provided, however, that Buyer may assign this Agreement to any Affiliate upon notice to Seller. Except as set forth in the preceding sentence, any attempted assignment or transfer of any of the rights, duties or obligations of this Agreement without the prior written consent of either party shall be void. If consent is given, this Agreement shall be binding upon and inure to the benefit of the assigns. The International Convention for the Sale of Goods shall not be applicable to this Agreement or any Purchase Order or other agreement entered into pursuant to this Agreement.

41. PUBLICATION

Neither party shall disclose the terms of this Agreement to any third party, or the nature of the relationship of the parties with respect to the terms of this Agreement, without first obtaining the written consent of the other party, which consent shall not be unreasonably withheld or delayed. Neither party shall use the name of the other party in any publication, website or advertising with the express written permission of that other party.

42. INTEGRATION

This Agreement (including individual Statements of Work issued hereunder) and its attached Exhibits constitute the complete and exclusive final written expression of all the terms of agreement between the parties, and supersedes all prior agreements, understandings and negotiations, concerning the matters specified herein. Any representations, promises, warranties or statements made by either party that differ in any way from the terms of this Agreement shall not be binding on either party unless made in writing and signed by a duly authorized representative of each party.

43. HEADINGS

Headings contained in this Agreement are for convenience only and shall not be used in construing any of the terms of this Agreement.

44. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

45. REPRESENTATIONS

Each party represents and warrants that it has sufficient power, right and authority to enter into this Agreement and to grant the rights and undertake the obligations set forth herein. Further, each party represents and warrants that it has not entered into any other agreements or understandings inconsistent with the terms and conditions of this Agreement.

46. TIME IS OF THE ESSENCE

Time is of the essence with respect to the performance of all duties, responsibilities and obligations by Seller as set forth in this Agreement. The acceptance of a late performance, with or without objections or reservations by Buyer, shall not constitute a waiver by Buyer of the right to claim damages for such breach nor constitute a waiver by Buyer of the requirement of timely performance of any obligations remaining to be performed under this Agreement.

47. FINANCIAL REVIEWS

(a) If Seller is a company incorporated in the United States and is not subject to the periodic reporting requirements of the Securities and Exchange Act of 1934, as amended, Seller shall provide to Buyer, at a minimum, quarterly and annual financial statements, each prepared in accordance with U.S. generally accepted accounting principles (GAAP). These statements shall include, at a minimum, a consolidated balance sheet, a statement of cash flows, and an income statement for the three and/or twelve months period, as applicable, reported in such statements. If Seller's revenues exceed \$15 million over the twelve-month period, an independent accounting firm shall compile the annual statements; if Seller's revenues exceed \$25 million over the twelve-month period, the annual statements shall be reviewed; and if Seller's revenues exceed \$45 million over the twelve-month period, the annual statements shall be audited. A signed management letter shall accompany the statements on a quarterly and annual basis, and an independent auditors' opinion shall accompany the statements on an annual basis, each certifying that the financial statements are in conformity with GAAP, and explaining in detail any nonconformities therein, in accordance with standard financial reporting and disclosure practices and requirements. The statements shall be provided to Buyer upon the earlier of: (a) the date on which such statements are distributed or made available to any outside parties; and (b) three (3) months after the calendar period closing date.

(b) If Seller is a company incorporated outside of the United States, then Seller shall provide upon fourteen (14) days written request by Siemens, information regarding Seller's financial status. Such

information will include audited financials and other information deemed necessary by Siemens to assess Seller's financial condition and solvency.

48. **AMENDMENT**

This Agreement may not be changed, revoked or waived except in writing signed by duly authorized representatives of both parties.

49. **IMPROPER PAYMENTS, KICKBACKS, GIFTS AND GRATUITIES**

Seller agrees that in performing its obligations under this Agreement, it will not make improper or unlawful payments of any salary, fee, commission or compensation of any kind or grant any improper or unlawful gift or gratuity of any kind either directly or indirectly to any officer, employee, agent or representative of Buyer. Seller further agrees that if it violates the terms of this clause all payments due Seller under this Agreement shall be forfeited and Buyer shall have the right, without any liability to Seller, to terminate all Purchase Orders issued under this Agreement.

50. **SURVIVABILITY AND ORDER OF PRECEDENCE**

The provision of this Agreement which by their terms continue shall survive the fulfillment, expiration and/or cancellation of Purchase Orders under this Agreement and shall remain in effect. Without limiting the foregoing, Sections 11(b), 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 48, 49 and this Section 50 will survive the fulfillment, expiration and/or cancellation of Purchase Orders under this Agreement.

The following Exhibits shall be a part of this Agreement:

- Exhibit A: Statements of Work and/or Performance Specification Requirement, Lead-times
- Exhibit B: Defect Rate Schedule
- Exhibit C: Pricing
- Exhibit D: Demand Planning and Supply Logistics
- Exhibit E: Siemens Medical Solutions USA, Inc. Supplier Quality & Evaluation Standard
- Exhibit F: CSML Spare Parts Agreement
- Exhibit G: CSML Spare Parts Price List
- Exhibit H: Code of Conduct for Siemens Suppliers
- Exhibit I: Business Associate Addendum

In the event of a conflict between any Section and/or Exhibits to this Agreement, the Section shall take precedence and the Exhibits in their listed order.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

Siemens Medical Solutions USA, Inc.

Supplier

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A

STATEMENT OF WORK (Performance Specification Requirement)

Contract Manufacturing services to be provided by Seller will meet all documented specifications as provided by Buyer for the current revision level of all products as listed in the Price List [Exhibit C].

Spares repair services to be provided by Seller will meet the documented specifications and revision level as specified by Buyer for the repair/refurbishment of all products listed in the Spare Parts list [Exhibit G]

Additional business for Products may be awarded and added to this Exhibit.

EXHIBIT B

DEFECT RATE SCHEDULE

Method of Determining Fault

If Buyer determines that a Product is defective and if requested by Seller, Buyer will send that Product to Seller. In order to determine fault, Seller will perform an acceptance test on that Product. If the Product passes the applicable acceptance test or the Product Specifications, the defect will not be considered to be the fault of Seller. If the Product does not pass the applicable acceptance test or does not meet the Specifications, the defect will be considered to be the fault of Seller.

EXHIBIT C

PRICING

Component or Material Costs:

The actual cost to Seller of the materials purchased by Seller to manufacture Products for Buyer without additional freight, handling and/or storage charges:

Mark-Up: The percentage charged by Seller to Buyer on Product components or material costs, expressed as a percentage of cost. The dollar amount of a Mark-Up (M/U) is calculated as follows:

$$(\text{Component or Material Cost}) * (\text{M/U}\%) = \$\text{M/U}$$

Margin: The percentage charged by Seller to Buyer on total Product Costs. The dollar amount of Margin is calculated as follows, where the Margin percentage (M%) is expressed below as a decimal:

$$(\text{Total Product Costs}) * (\text{M}\%) = \$\text{Margin}$$

	WORLD #	Siemens	2013/14 Pricing
1	PN-9314.9100-RC	01358-04	\$142.50
2	PN-9314.9101-RC	01360-03	\$148.50
3	PN-9314.9102-RC	01312-06	\$320.50
4	PN-9314.9103-RC	01314-02	\$233.50
5	PN-9314.9104-RC	01316-07	\$240.00
6	PN-9314.9105-RC	01320-04	\$43.00
7	PN-9314.9107-RC	01378-04	\$22.50
8	PN-9314.9108-RC	02048-07	\$2,593.00
9	PN-9314.9109-RC	00945-03	\$42.50
10	PN-9314.9110-RC	01362-04	\$69.00
11	PN-9314.9111-RC	01386-06	\$84.50
12	PN-9314.9112-RC	01322-02	\$55.50
13	PN-9314.9113-RC	01382-05	\$63.50
14	*PN-9314.9114-RC	01384-02	\$8.50
15	*PN-9314.9115-RC	01336-05	\$17.00
16	*PN-9314.9117-RC	0770-02	\$23.75
17	*PN-9314.9118-RC	01309 Blank bd	\$4.50
18			
19		SUB	
20	PN-9314.9075-RC	01310-01	\$27.75
21	PN-9314.9078-RC	01643-02	\$20.00
22			
23	PN-9314.9079-RC	01647-01	
24	PN-9314.9120-RC	02008-02	72-\$12.50
25			343- \$34.00

Volume Discount:

Aggregate Buyer purchases under this Agreement shall be reviewed by the parties at the commencement of every second and fourth calendar quarter. Seller shall give Buyer a tiered corporate discount off Product pricing based on such aggregate purchases over the previous rolling twelve (12) month period. The discount will apply to all Purchase Orders placed and/or

Products delivered during the next six (6) month period, at the conclusion of which Buyer's aggregate purchases for the rolling previous twelve (12) months will be calculated again, and a new discount will be applied to the next six (6) month period. Seller shall confirm each six (6) month volume discount in writing. The discount schedule is set forth in Exhibit C. (This will be calculated annually. Aggregate purchases in excess of \$5M will receive a rebate credit of 1% to be used over the ensuing calendar year; aggregate purchases in excess of \$9M will receive a rebate credit of 2% to be used over the ensuing calendar year.)

Volume	Discount
From \$ 0 up to \$ 5M per Year	0%
From \$ 5M up to \$ 9M per Year	1%
Greater than \$9M per Year	2%
	X%
	X%

Other Pricing:

- 1. NPI -New assemblies set up and documentation charge is \$200.00 per new part number.
- 2. Stencils :\$450.00. One time charge with new assemblies.
- 3. Additional NRE required for new assemblies or existing will be quoted and billed at cost plus 12.5%. ie; If WORLD electronics purchases a tool for \$100.00, Siemens will be billed \$112.50 for this tool.

All other charges, including but not limited to 3rd Party costs, etc. agreed to be paid for by Buyer to Seller will be charged at the actual costs without Mark-up or Margin applied.

EXHIBIT D

DEMAND PLANNING AND SUPPLY LOGISTICS

EXHIBIT E

Siemens Medical Solutions USA, Inc. Med USA Quality Assurance Agreement

Contents

Note: This quality assurance agreement was written so that Article I contains general information to the supplier. Article III states requirements applicable to every supplier regardless of the *product* purchased by SMS. Then each of the following articles contains additional requirements depending on the *product* purchased.

Contents

Note: This quality assurance agreement was written so that Article I contains general information to the supplier. Article III states requirements applicable to every supplier regardless of the product purchased by SMS. Then each of the following articles contains additional requirements depending on the product purchased.

Article I. Purpose (Informative)

1. Introduction
2. Quality system requirements in general
3. Notes regarding regulations and standards
 - A. FDA regulations.
 - B. Medical Device Directive (MDD).
 - C. ISO standards.

Article II. Scope

1. Applicable products
2. Additional requirements not stated in the QAA
3. Exclusions to the QAA

Article III. Quality Assurance Requirements

Applicable to All Suppliers

1. Quality system
 - A. Establishment.
 - B. SMS requirements.
 - C. Deviations.
 - D. Process plan.
 - E. Quality system procedures.
 - F. Siemens owned property.
 - G. Complaints from Siemens customers.
 - H. Complaints from Siemens.
 - I. Management representative.
 - J. Personnel training.
 - K. Changes to quality system or product.

2. Control of documents and records

- A. Control of documents.
- B. Confidentiality.
- C. Change control.
- D. Availability of documents.
- E. Control of records.
- F. Electronic documents and records.

3. Purchasing controls

- A. Approval of sub-tier suppliers.
- B. Specific SMS requirements
- C. Quality control of 3rd party products
- D. Purchase information.

4. Calibration of inspection, measurement and test equipment
 - A. Calibration requirements.
 - B. Calibration procedures.
 - C. Suitability of equipment.
 - D. Calibration labeling.
 - E. Calibration records.
 - F. Notification to Siemens.
 - G. Use of calibration lab.

5. SMS right to inspect (Audit)

- A. Supplier's executive management responsibility.
- B. SMS Audits.
- C. Third party audit.

6. Corrective and preventive action (CAPA)

- A. Basic CAPA requirements

7. Miscellaneous

- A. Termination.
- B. Liability and Indemnification.

Annex I. Specific Requirements to Design and Development

- A. Design and development planning.
- B. Design input.
- C. Design output.
- D. Design review.
- E. Design verification.
- F. Design validation.
- G. Design transfer.
- H. Design records.

Annex II. Specific Requirements for Manufacturing

1. Receiving, receiving inspection, and storage
 - A. Authorized receipts.
 - B. Direct to stock receipts.
 - C. Receiving inspection.
 - D. Storage.

2. Production and process controls

- A. Engineering drawings.
- B. Inspections and tests.
- C. Standard operating procedures.
- D. Production controls.
- E. Automated test systems.
- F. Process validation.
- G. In-process rejects.
- H. Statistical applications.
- I. Environmental controls.
- J. Equipment maintenance.

- K. Final acceptance activities.
- L. Production history records.

- B. Supplier Evaluation Classifications.
- C. Details of the SMS Evaluation System.

3. Storage, packaging and transport

4. Nonconformances

- A. Control of nonconforming articles.
- B. Control of nonconforming product.
- C. Rework of nonconforming product.
- D. Product returns.
- E. Product salvaging.

5. Processing product changes of manufactured product

- A. Processing product changes initiated by the supplier.
- B. Implementing product changes initiated by the supplier.
- C. Processing product changes initiated by SMS.
- D. Supplier implementing changes initiated by SMS.

Annex III. Specific Requirements for Installation

1. Installation of Siemens Equipment or Accessories to Siemens Equipment

- A. Installation instructions.
- B. Inspection and test.
- C. Installation records.
- D. Training.
- E. Personnel competency.
- F. Equipment storage.
- G. De-installations.

2. Installing non-Siemens Equipment for Siemens

- A. Installation instructions.
- B. Inspection and test.
- C. Installation records.
- D. Training.
- E. Personnel competency.

Annex IV. Specific Requirements for Service

1. Servicing Siemens equipment or Accessories to Siemens equipment

- A. Service calls.
- B. Service records.
- C. Training.
- D. Spare parts.
- E. Data collection and analysis.
- F. Field corrections, modifications, updates.

2. Servicing non-Siemens Equipment for Siemens

- A. Service records.
- B. Training.
- C. Spare parts.
- D. Data collection and analysis.
- E. Service manuals.

Annex V. Specific Requirements for Warehousing/Distributing Product for Siemens

- A. Handling.
- B. Storage.
- C. Product packaging.
- D. Distribution.
- E. Distribution records.
- F. Product recall, field corrections, modifications, updates.
- G. Environmental controls.

Annex VI. How SMS Evaluates It's Suppliers

- A. Introduction.

EXHIBIT F

CSML Spare Parts Agreement

[Buyer and Seller to mutually agree and add Spare Parts List – all additions and modifications to the list will be agreed in writing]

CSML will work directly with Siemens Point of Care in Plymouth Meeting for all spare parts until such time as FRU level assemblies are outsourced to World Electronics [Seller]. At that time, Buyer and Seller will agree upon the Spare Parts List to be included in this exhibit

EXHIBIT G

CSML Spare Parts Price List

~~See section 19—All~~ Out of Warranty repair services (as defined in Section 19) will be provided at a labor rate of \$45/hr

EXHIBIT H

Code of Conduct for Siemens Suppliers

This Code of Conduct defines the basic requirements placed on Siemens' suppliers of goods and services concerning their responsibilities towards their stakeholders and the environment. Siemens reserves the right to reasonably change the requirements of this Code of Conduct due to changes of the Siemens Compliance Program. In such event Siemens expects the supplier to accept such reasonable changes.

The supplier declares herewith:

- **Legal compliance**
 - to comply with the laws of the applicable legal system(s).
- **Prohibition of corruption and bribery**
 - to tolerate no form of and not to engage in any form of corruption or bribery, including any payment or other form of benefit conferred on any government official for the purpose of influencing decision making in violation of law.
- **Respect for the basic human rights of employees**
 - to promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
 - to respect the personal dignity, privacy and rights of each individual;
 - to refuse to employ or make anyone work against his will;
 - to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination;
 - to prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative;
 - to provide fair remuneration and to guarantee the applicable national statutory minimum wage;
 - to comply with the maximum number of working hours laid down in the applicable laws;
 - to recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.
- **Prohibition of child labor**
 - to employ no workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14.
- **Health and safety of employees**
 - to take responsibility for the health and safety of its employees;
 - to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
 - to provide training and ensure that employees are educated in health and safety issues;
 - to set up or use a reasonable occupational health & safety management system¹⁾.
- **Environmental protection**
 - to act in accordance with the applicable statutory and international standards regarding environmental protection;
 - to minimize environmental pollution and make continuous improvements in environmental protection;
 - to set up or use a reasonable environmental management system¹⁾.
- **Supply chain**
 - to use reasonable efforts to promote among its suppliers compliance with this Code of Conduct;
 - to comply with the principles of non discrimination with regard to supplier selection and treatment.

¹⁾ For further information see www.siemens.com/procurement/cr/code-of-conduct

EXHIBIT I

Business Associate Addendum

1. The Parties have entered into one or more agreements (the "Underlying Agreement(s)"), which may require the Contractor (herein referred to as the "Business Associate") to be provided with, to have access to, and/or create PHI that is subject to the federal privacy and security regulations issued pursuant to the Health Insurance Portability and Accountability Act ("HIPAA") and Title XIII of the American Recovery and Reinvestment Act of 2009 ("HITECH"), and codified at 45 CFR parts 160, 162, and 164 ("HIPAA Regulations"). This BAA shall supplement and/or amend each of the Underlying Agreement(s) only with respect to Business Associate's receipt, use and creation of PHI under the Underlying Agreement(s) to allow the Parties to comply with the HIPAA Regulations and HITECH Standards. Except as so supplemented and/or amended, the terms of the Underlying Agreement(s) shall continue unchanged and shall apply with full force and effect to govern the matters addressed in this BAA and in each of the Underlying Agreement(s).

2. Terms used in this BAA that are terms specifically defined in the HIPAA Regulations ("HIPAA Terms") or HITECH Standards have the same meaning ascribed to such terms in the HIPAA Regulations or HITECH Standards. The definitions below which set forth a reference to the Code of Federal Regulations are defined HIPAA Terms, and any change to the HIPAA Regulations which modifies any defined HIPAA Term, or which alters the regulatory citation for the definition, will be deemed incorporated into this BAA.

2.1 "Breach" shall mean the acquisition, access, use, or disclosure of protected health information in a manner not permitted under this part which compromises the security or privacy of the protected health information.

- a. For purposes of this definition, *compromises the security or privacy of the protected health information* means poses a significant risk of financial, reputational, or other harm to the individual.
- b. A use or disclosure of protected health information that does not include the identifiers listed at § 164.514(e)(2), or include the date of birth, or include the zip code, does not compromise the security or privacy of the protected health information. (45 CFR 164.402).

2.2 "Business Associate" means Contractor.

2.3 "Covered Entity" shall mean a Siemens customer, which is defined as a "Covered Entity" within the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 160.103.

2.4 "Data Aggregation" has the meaning given to that term under the Privacy Rule, including, but not limited to, 45 CFR §164.501.

2.5 "Designated Record Set" has the meaning given to that term under the Privacy Rule, including, but not limited to, 45 CFR §164.501.

2.6 “ePHI” has the meaning given to the term “Electronic Protected Health Information” under the Privacy Rule, including, but not limited to, 45 CFR §160.103.

2.7 “Health Care Operations” has the meaning given to that term under the Privacy Rule, including, but not limited to, 45 CFR §164.501.

2.8 “HITECH Standards” means the privacy, security and security Breach notification provisions applicable to a Business Associate under Subtitle D of HITECH, and any regulations promulgated thereunder.

2.9 “Individual” has the meaning given to that term under the Privacy Rule, including, but not limited to, 45 CFR §164.501. It also includes a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).

2.10 “PHI” has the meaning given to the term “Protected Health Information” under the Privacy Rule, including but not limited to, 45 CFR §164.501.

2.11 “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information that is codified at 45 CFR parts 160 and 164, Subparts A and E.

2.12 “Required By Law” has the meaning given to that term under the Privacy Rule, including but not limited to, 45 CFR §164.501.

3. With regard to its use and/or disclosure of PHI, Business Associate agrees not to use or disclose PHI other than as permitted or required by this BAA or as Required By Law. [§164.504(e)(2)(ii)(A)]

4. Business Associate shall not use or disclose PHI except as necessary to perform its obligations under the Underlying Agreement(s). Unless otherwise limited herein, Business Associate may:

(a) use the PHI in its possession for its proper management and administration and to carry out its legal responsibilities [§164.504(e)(4)(i)];

(b) disclose the PHI in its possession to a third party for the purpose of Business Associate’s proper management and administration or to carry out the legal responsibilities of Business Associate, provided that the disclosures are Required By Law or Business Associate obtains reasonable assurances from the third party regarding the confidential handling of such PHI as required under the Privacy Rule [§164.504(e)(4)(ii)];

(c) provide Data Aggregation services relating to the Health Care Operations of Covered Entity [§164.504(e)(2)(i)(B)]; and

(d) de-identify any and all PHI obtained by Business Associate under this BAA, and use such de-identified data, all in accordance with the de-identification requirements of the Privacy Rule. [§164.502(d)(1)]

5. Business Associate shall ensure that any subcontractor to whom it provides PHI received from, or created or received by Business Associate on behalf of, Covered Entity agrees to similar restrictions and conditions that apply through this BAA to Business Associate. [§164.504(e)(2)(ii)(D)]

6. Business Associate agrees to do the following:

- (a) implement administrative, physical, and technical safeguards (“Safeguards”) that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI as required by 45 CFR Part 164 Subpart C (“Security Rule”) [§164.314(a)(2)(i)(A)];
- (b) use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this BAA [§164.504(e)(2)(ii)(B)]; and
- (c) ensure that any agent and subcontractor to whom Business Associate provides ePHI agrees to implement reasonable and appropriate Safeguards to protect ePHI [§164.314(a)(2)(i)(B)].

7. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this BAA.

8. Business Associate agrees to report promptly to Siemens any unauthorized use or disclosure of PHI or any security incident related to Covered Entity’s PHI of which Business Associate becomes aware by Business Associate or its workforce or subcontractors, without unreasonable delay but in any event no later than thirty (30) days after discovery. Business associate agrees to apply appropriate sanctions against workforce members with respect to such unauthorized use or disclosure. [§164.504(e)(2)(ii)(C)] [§164.314 (a)(2)(i)(C)] §164.308(a)(1)(C)]

9. Upon Siemens’ or Covered Entity’s written request, Business Associate shall make PHI available to Siemens or Covered Entity for amendment and incorporate any amendments to the PHI in accordance with Subpart E of the Privacy Rule, provided that the PHI in Business Associate’s possession constitutes a Designated Record Set and Business Associate has been specifically engaged by Siemens to so maintain and service such PHI on behalf of Covered Entity. [§164.504 (e)(2)(ii)(F)]

10. Upon Siemens’ or Covered Entity’s written request, Business Associate shall make available to Siemens or Covered Entity PHI necessary for Covered Entity to respond to Individuals’ requests for access to PHI about them, provided that the PHI in Business Associate’s possession constitutes a Designated Record Set and Business Associate has been specifically engaged by Siemens to so maintain and service such PHI on behalf of Covered Entity. [§164.504(e)(2)(ii)(E)]

11. Business Associate shall, upon Siemens’ or Covered Entity’s written request, make available to Siemens or Covered Entity the information regarding disclosures by Business Associate and its agents required for Covered Entity to provide an accounting of disclosures of PHI as required by the Privacy Rule. [§164.504(e)(2)(ii)(G)]

12. Business Associate shall make its internal practices, books and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of, Siemens or Covered Entity available to the Secretary of the U.S. Department of Health and Human Services (“Secretary”) for purposes of the Secretary determining Covered Entity’s compliance with the Privacy Rule or the Security Rule. Business Associate shall notify Siemens regarding any information that Business Associate provides to the Secretary concurrently with providing such information to the Secretary, and, if so requested by Siemens or Covered Entity in writing, shall

provide Covered Entity with a duplicate copy of such information. [§164.504(e)(2)(ii)(H)] [68 Fed. Reg. 8334, 8359]

13. Siemens shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by Covered Entity except where Business Associate has contracted to provide services that permit Business Associate to use or disclose PHI in order to engage in Data Aggregation or management and administrative activities of Business Associate.

14. If Siemens learns of a material violation of this Addendum by Business Associate, Siemens shall provide Business Associate written notice and an opportunity for Business Associate to cure such violation or to end such violation, as applicable. The duration of that opportunity to cure shall be based on the nature of the violation involved and shall be consistent with the cure period provided for in the Underlying Agreement(s). If Business Associate does not cure or cease the violation, or if a cure is not possible, Siemens shall either (i) terminate the applicable Underlying Agreement(s) if feasible; or (ii) if termination is not feasible, report the violation to the Secretary. [§164.504(e)(1)(ii)(A), (B) & §164.314 (a)(2)(i)(D)]

15. Business Associate shall provide notice of a breach of unsecured PHI to Siemens without unreasonable delay and in no case later than thirty (30) days following the discovery of a breach. The notification shall include, to the extent possible, the identification of each individual whose unsecured PHI has been, or is reasonably believed by Business Associate to have been, accessed, acquired, used, or disclosed during the breach. Business Associate shall provide Siemens with any other available information that Covered Entity is required to include in notification to the individual under Sec. 164.404(c)[45 CFR 164.314]

16. To the extent Business Associate performs any activities on behalf of Siemens or Covered Entity in connection with one or more "Covered Accounts" (as the term is defined in the "Red Flags" Rule at 16 CFR §681.2(b)(3)) of a Covered Entity, Business Associate shall reasonably cooperate, as requested by Siemens or the Covered Entity, in a Covered Entity's investigations under the Red Flags Rule.

17. Upon the expiration or termination of an Underlying Agreement, Business Associate shall return to Siemens or destroy all PHI in Business Associate's possession, including such PHI in the possession of Business Associate's subcontractors, as a result of that Underlying Agreement and retain no copies, if it is feasible to do so. If return or destruction is infeasible, Business Associate shall extend all protections, limitations, and restrictions contained in this BAA to Business Associate's use and/or disclosure of any retained PHI, and to limit further uses and disclosures to the purposes that make the return or destruction of the PHI infeasible. This provision shall survive the termination or expiration of this BAA and/or any Underlying Agreement. [§164.504(e)(2)(ii)(I)]

18. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Siemens, the Covered Entity and Business Associate to comply with the requirements of HIPAA, the Privacy or Security Rules or the HITECH Act from the American Recovery and Reinvestment Act of 2009 and its associated regulations.

19. The terms of this BAA shall prevail in the case of any conflict with the terms of any Underlying Agreement to the extent necessary to allow the Parties to comply with the HIPAA Regulations and

HITECH Standards. The bracketed citations to federal regulations in several paragraphs of this BAA are for reference only and shall not be relevant in interpreting any provision of this BAA.

20. Nothing in this BAA shall confer upon any person other than the Parties and their respective successors and assigns any rights, remedies, obligations, or liabilities whatsoever.

