Global Trade Compliance - Terms and Conditions

Compliance with International Trade Laws and Regulations
It is the policy of Covidien that its business shall be conducted in accordance with all applicable laws of the United States and foreign jurisdictions, and in a manner which will always reflect a high standard of ethics. In particular, it is the policy of Covidien that its divisions, foreign subsidiaries, and affiliates and distributors must comply with U.S. Government export control laws and regulations and to only contract with sale representatives, distributors or other intermediaries who are fully committed to complying with and assisting Covidien to comply with such laws and regulations. No transactions, including re-exporting, traffic, and related functions are to be conducted by or on behalf of Covidien or its distributors contrary to the U.S. Export Administration Regulations (EAR) of the Department of Commerce.

The parties also agree to comply with all applicable international conventions relating to fair trade practices to which the Supplier’s country and/or the United States are signatories, such as prohibitions against bribery, participation in secondary and tertiary boycotts, and comparable conventions, as implemented in national law and regulation. Examples under U.S. law and regulation include the Foreign Corrupt Practices Act and the Anti-boycott Regulations.

Invoicing Requirements
All commercial and pro forma invoices must be itemized with a breakdown of the quantity per part number, unit price and Purchase Order number. In addition, for international shipments, the contents of the commercial invoice must include:

- Name of Seller
- Name of Purchaser
- Name of Consignee (i.e., “ship to” party)
- Detailed description of the merchandise
- Quantities in appropriate weights and measures being imported
- Purchase price of each item in U.S. Dollars, or if no sale (samples or free of charge), to include the correct valuation of commercial product
- Currency (identify country and denomination)
- All charges
  - International Freight
  - Insurance
  - Commissions
- Cost of packing if such costs are not already included in the price.
- All rebates and drawbacks allowed upon the exportation of the merchandise
- Country of origin of the merchandise
- Assists (e.g., materials, tools, engineering work not already included in the price that was provided by Covidien without charge)
- Port of entry to which the merchandise is destined
- Harmonized Tariff Schedule subheading (to the 6th digit)
- Any other deductions from, and additions to, total invoice value, separately itemized.

Pricing and Import Valuation
The selling prices include all Supplier packaging and labeling costs, but exclude any separate non-recurring costs that may be applicable such as development costs for an item’s tooling.

If any such additional payments outside the unit price for the article will be or have been made to Supplier by Covidien in connection with this Agreement for (1) items that constitute assists (e.g., tooling, molds, dies, materials, or components provided for incorporation in or to aid in the manufacture of the items), (2) royalties, (3) selling commissions, or (4) other incidental charges, all such additional value(s) and payments should be separately itemized and identified on Supplier’s commercial invoice accompanying the shipment of the merchandise.

Further, Supplier’s invoices may not indicate a nominal value for goods, but shall indicate the invoice price charged to Covidien, or if shipment is one of multiple shipments required under a single purchase order, the value shall be stated as the actual value of the merchandise being shipped. If merchandise is
provided free of charge as sample or pursuant to warranty or other provision, the corresponding fair market value of the item should be indicated for customs clearance purposes.

Supplier’s Item prices shall not increase during the initial term of this Agreement, and at the end of the initial term shall carry over into any automatic renewal periods unless otherwise agreed by the parties in a written amendment. In no event will price changes be retroactively applied absent written agreement by the parties.

**Foreign Country of Origin Labeling Requirements**
Supplier, by accepting this order, covenants and agrees that Supplier and its employees, agents, independent contractors, and suppliers have fully complied with any and all foreign country of origin marking requirements established by United States Customs and Border Protection (“CBP”) for all merchandise sold by Supplier to Covidien, and that all Items, as well as all shipping containers, shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article or container will permit, with the foreign country of manufacture of the goods in English or with such other foreign country of origin marking as Covidien will direct in writing. Where appropriate, Covidien will provide specific language and location requirements related to country of origin marking.

**Protect Against Fines from Government Authorities Related to the Import and Export of Goods**
Supplier shall indemnify Covidien and their respective customers against all losses and cost of damage (including any fines, penalties, or lost duty savings opportunities), resulting directly or indirectly from Supplier’s delay in furnishing such documents in support of any Free trade agreement (“FTA”) duty free claim made and from any errors or omissions contained in certifications provided by Supplier, or from any non-compliance by Supplier with aforesaid regulations or FTA requirements.

Supplier acknowledges that, notwithstanding any other provision of this Agreement, Covidien may withhold payment on Supplier’s invoice until the required documents and/or information are provided. Further, Supplier acknowledges that Covidien shall not be obligated to make payment on any invoice for which the written country of origin certification is not provided where such certification is required to obtain duty preferences and has previously been confirmed by Supplier as qualifying under the corresponding FTA. Repetitive failure to timely provide such documents or information constitutes a material breach of the Agreement and may result in termination of the business relationship between Covidien and Supplier.

Supplier shall indemnify Covidien and their respective customers against all losses and cost of damage (including any fines, penalties, or lost duty savings opportunities), resulting directly or indirectly from Supplier’s delay in furnishing such documents in support of any FTA duty free claim made and from any errors or omissions contained in certifications provided by Supplier, or from any non-compliance by Supplier with aforesaid regulations or FTA requirements.

**Duty Drawback Rights**
All drawback of duties and rights thereto related to duties paid by Supplier or Covidien upon importation of the Items into the customs territory of the United States that enter into the manufacture of goods or are otherwise subsequently exported from the United States shall accrue to the exclusive benefit of Covidien.

Supplier agrees to provide Covidien with all documents, records, and other supporting information necessary to obtain any such duty drawback, and agrees to reasonably cooperate with Covidien to obtain such payment.

**United States Government Duty Increase**
If the United States government authorities declare or otherwise impose countervailing duties, antidumping duties, or retaliatory duties on Items imported by Covidien from Supplier under this Agreement, Covidien reserves the right to terminate this Agreement.
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Regulatory Import Inspections
Supplier must notify Covidien if the Supplier receives a warning letter from the United States Food and Drug Administration (FDA). Warning letters and other administrative action may adversely affect Covidien’s ability to import the purchased product into the United States. Supplier shall be responsible for payment of any incidental and consequential expenses incurred by Covidien as a result of Suppliers noncompliance with applicable FDA regulations.

Export Requirements and Obligations
The products, services and/or technical data (hereinafter referred to collectively as "items") to be delivered under this purchase order may be subject to the export control laws and regulations of Supplier’s country of export, the United States, or other countries. All parties agree to comply with all such laws and regulations as shall apply. Each party agrees to obtain all necessary licenses or other authorizations as may be required for any and all items that it exports or re-exports under the Agreement. Each party also agrees to provide such reasonable assistance as may be required to allow other parties to the Agreement to obtain such authorizations. Such assistance may include, but will not be limited to, obtaining or otherwise providing any end-use, end-user, or import certificates as may be required by law or regulation. The parties also agree not to export or re-export items to any entity, individual or destination that may be prohibited under applicable law.

Supplier shall be responsible for obtaining any licenses, permits or other approvals required for the export of products from their country of manufacture. Covidien will cooperate with Supplier and shall use commercially reasonable efforts to assist Supplier in obtaining any and all regulatory approvals necessary to export products.

Trade Security
The supplier shall cooperate with Covidien’s U.S. Customs Trade Partnership Against Terrorism ("C-TPAT") compliance efforts. By participating in the C-TPAT program, Covidien ensures a more secure supply chain for their employees, suppliers and customers. As a participant in C-TPAT, Covidien requires their business partners to demonstrate that they are meeting C-TPAT security criteria. For those Covidien business partners eligible for C-TPAT certification (e.g., carriers, U.S. customs brokers, etc.), documentation will be required (Status Verification Interface Number and C-TPAT certificate) indicating whether these business partners are or are not C-TPAT certified. For those business partners not eligible for C-TPAT certification (e.g., foreign suppliers) Covidien requires their business partners to demonstrate that they are meeting C-TPAT security criteria (including the use of ISO-PAS 17712 seals on all ocean container shipments to the U.S.) and implement action plans to address any deficiencies. Business partners will be subject to verification of compliance by Covidien as appropriate. Additionally, Seller shall cooperate with Buyer to provide all necessary advance data elements required for Buyer to comply with U.S. Customs and Border Protection’s Importer Security Filing ("10+2"). These data elements include, but are not limited to Manufacturer (Supplier) name and address, country of origin, container stuffing location, consolidator name and address, and HTS number (to 6-digits). Supplier understands that agreement with the terms set forth above is a condition of doing business with Covidien.