

CALIFORNIA SUPPLY CHAIN DISCLOSURE

On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) went into effect in the State of California. As a result, many companies manufacturing or selling products in California are required to disclose their efforts to address the issues of human trafficking and slavery, thereby allowing consumers to make better, more informed choices regarding the products they buy and the companies they choose to support.

Volcano Corporation and its subsidiaries (collectively, "Volcano" "us" or "we" or "Philips Volcano") strive to achieve and maintain the highest possible standards of corporate integrity and ethical behavior. We expect our direct suppliers of tangible goods we offer for sale ("suppliers") and other business partners (collectively, "Business Partners") will conduct their businesses not only in a lawful manner but also in compliance with the same high standards of integrity and ethics. It is our expectation that our Business Partners will not support, promote or engage in the practice of slavery or human trafficking. Our Business Partners are further expected to take reasonable and necessary steps to help ensure that their sub-contractors and sub-suppliers conduct business in compliance with all applicable laws, rules and regulations.

Volcano Corporation (Philips Volcano) is a subsidiary of Philips and follows the applicable Philips policies with regards to its supply chains.

The policies can be found at: <http://www.philips.com/a-w/about/company/suppliers/supplier-sustainability/our-policies.html>

Verifications:

As of February 23, 2015 and to present, Philips Volcano has required our suppliers to complete a Supplier Survey as part of our initial intake process. Specifically, the Philips General Conditions of Purchase require our suppliers to represent and warrant that they comply with all applicable laws, which include:

- Eradication of human trafficking and slavery including forced, bonded, indentured, involuntary, convict or compulsory labor, by any of the following means: (i) by means of force, threats of force, physical restraint, or threats of physical restraint to that person or another person; (ii) by means of serious harm or threats of serious harm to that person or another person; (iii) by means of the abuse or threatened abuse of law or legal process; (iv) by means of any scheme, plan, or pattern intended to cause the person to believe that, if that person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint; or (v) by means of acts involved in the recruitment, abduction, transport, harboring, transfer, sale or receipt of persons within national or across international borders, through force, coercion, fraud or deception, to place persons in situations of slavery or slavery-like conditions, forced labor or services such as domestic servitude, bonded sweatshop labor or other debt bondage.
- Eradication of illegal child labor, including compliance with all minimum age requirements as determined by applicable local laws and regulations and by not producing goods for Volcano with: (i) the sale and trafficking of children; (ii) debt bondage and serfdom; (iii) forced or compulsory labor; (iv) use, procuring, or offering of a child for illicit activities; or (v) work which is likely to harm the health, safety, or morals of children;

- Compliance with all applicable laws and regulations governing labor and employment, including wages, hours, days of service, rest period, overtime, non-discrimination and freedom of association;
- Compliance with all applicable occupational safety and environmental laws and regulations; and

Verifications are conducted through Supplier Survey and self-verifications and certifications. Philips Volcano, however, reserves the right to engage in its own verification process of its suppliers or by engaging a third party to conduct such verifications.

Audits:

Philips standard templates expressly reserve the right to conduct onsite audits of its suppliers to evaluate the supplier's compliance with Philips supplier requirements. In most cases, Philips Volcano may conduct such audits through its own personnel or through a third party independent auditor, on an announced or unannounced basis.

Accountability Standards:

Philips Volcano follows the Philips corporate [General Business Principles](#) (“Philips GBP”), which applies to all of our Business Partners, sets forth our statements and beliefs regarding the manner in which our employees and Business Partners must conduct themselves when performing functions for or on behalf of PhilipsVolcano.

The Philips GBP also provides that if guidance on a legal or ethical question is required, or if an illegal or unethical activity has been witnessed (including activities pertaining to human trafficking and slavery), the applicable Philips Volcano employee or Business Partner representative should consult with or report the matter (i) to his or her supervisor or Philips Volcano senior management, (ii) to Philips Volcano’s Legal Department, or Human Resources Department, or (iii) otherwise as contemplated by Philips GBP, depending on the specific circumstances and consistent with local data privacy laws. All reports of alleged violations will be promptly investigated. If the results of an investigation indicate that corrective action is required, the relevant party or parties will be held accountable and we will decide the appropriate steps to take, including discipline, dismissal, termination of contractual relations, and/or possible legal proceedings. If appropriate, the investigation may be turned over to the applicable outside authorities, and outside investigators may assist in the inquiry. We expect our Business Partners to take prompt and decisive corrective action to address any deficiencies identified with respect to their compliance with applicable laws, regulations or internationally recognized standards of conduct applicable to slavery and human trafficking. Disregard or deliberate ignorance of the law is not acceptable and will not be tolerated.

Training:

Philips Volcano is in the process of training and educating our employees and Business Partners on the Philips GBP and applicable policies. Additionally, IMS procurement and engineering employees and management who have direct responsibility for supply chain management, with respect to mitigation risks within the supply chain have or will be trained on Philips Procurement Code of Ethics (<http://www.philips.com/c-dam/corporate/about-philips/investor-relations/General-Business-Procurement-CodeofEthics-Aug2014.pdf>).