

EXHIBIT A

1. Corporate Governance Measures

OSI Systems, Inc., (“OSI” or the “Company”) shall implement the following corporate governance measures no more than 180 days after final settlement approval (except as otherwise indicated below), and such corporate governance measures shall be maintained for at least three years, provided that any governance provision may be altered or discontinued by an independent majority of the Board if such independent majority makes a determination that such governance provision: (a) conflicts with the Company’s best interests; (b) violates, conflicts, or differs with any law, regulation or rule applicable to the Company; (c) conflicts with any amendment to the Company’s articles of incorporation or bylaws approved by the Company’s shareholders; or (d) violates, conflicts, or differs with any requirement imposed by the Company’s Administrative Agreement with the Department of Homeland Security or any other order or decision of any government agency. Defendants Deepak Chopra, William Ballhaus, David Feinberg, Steven Good, Meyer Luskin, Ajay Mehra, and Alan Edrick and the Company agree that these corporate governance measures will be implemented as a result of the settlement of the derivative actions, and that they confer a substantial and material benefit to the Company.

- 1. Technology Committee Charter:** OSI shall approve a Technology Committee Charter, as set forth in the Attached Exhibit A-1 (Technology Committee Charter). The Charter was approved on or around September 27, 2016.
- 2. Corporate Governance Reviews:** OSI shall retain an ethics and compliance specialist to conduct periodic reviews for one year after the expiration of the Administrative Agreement, currently set to expire in December 2017. The consultant will be engaged on a privileged basis and Plaintiffs will not have access to the consultant’s work product.
- 3. Amend Audit Committee Charter:** OSI shall amend its Audit Committee Charter to describe its role in assessing the adequacy of the compliance program’s funding and to state that the Vice President of Compliance shall review the compliance program with the Committee on a “quarterly” basis.
- 4. Corporate Governance Training:** OSI shall agree to provide ongoing, annual training in corporate governance policies for its directors, Chief Executive Officer, Chief Financial Officer, General Counsel and Vice President of Compliance. OSI shall arrange for one outside director training course for its directors within the next twelve months for the current directors and within the first twelve months of any new director’s tenure (examples of outside training courses include the Stanford Law School Directors’ College and the Directors’ Consortium offered by the Tuck School of Business at Dartmouth). OSI shall add language to its Corporate Governance Guidelines regarding this additional training—which it did on or around October 26, 2016.

5. **Amend Nominating and Governance Committee Charter:** OSI shall amend its Nominating and Governance Committee Charter to indicate that it has the duty to “identify and implement metrics to evaluate the effectiveness of director training.”
6. **Lead Independent Director:** OSI shall have members of the Board’s Executive Committee serve as Lead Independent Director in alternating years. The Lead Independent Director shall: (i) advise the Chairman of the Board as to an appropriate schedule of Board meetings, and provide him or her with input as to the preparation of agendas for Board meetings; (ii) advise the Chairman of the Board as to the quality, quantity, and timeliness of the flow of information from the Company’s management that is necessary for the independent directors to perform their fiduciary duties, and although the Company’s management is responsible for the preparation of materials for the Board, the Lead Independent Director may specifically request the inclusion of certain material; and (iii) coordinate, develop the agendas for, and preside at executive sessions of the independent directors, which shall be held at least quarterly. Meyer Luskin was appointed to serve as Lead Independent Director on or around September 27, 2016.
7. **New Independent Director:** OSI shall appoint a new additional independent director by its next shareholder meeting, which is due to take place in early December 2016. The new director shall be selected by the company’s Board through its normal recruiting process. The new director will have compliance related experience—defined as successful experience in a highly-regulated industry (e.g., government contracting or healthcare). The new director will not be Lead Independent Director. The Board will choose which committees the new director would sit on. On October 10, 2016, in accordance with this Paragraph 7, OSI’s Board of Directors appointed Gerald Chizever to the Board.
8. **Amend Compensation Policies and Compensation Committee Charter:** OSI shall amend its Compensation Committee Charter to include compliance as a factor in determining incentive compensation. OSI already has implemented ethics and compliance as a component of performance reviews affecting compensation. OSI shall amend this committee’s charter to specify that in determining incentive compensation for relevant senior executives, the Compensation Committee will consider conduct in compliance with or in violation of the Company’s Code of Ethics. The Vice President of Compliance will report this information to the Compensation Committee once per year.
9. **Revisions to OSI’s Clawback Policy:** OSI shall add the following language to Section 21 of the Company’s Clawback Policy:

In addition, any Covered Person who is terminated by the Company as a result of any breach of the Company's Code of Ethics and Conduct shall be subject to the clawback policy with regard to any incentive based compensation awarded during the years covered by the breach. Moreover, if any Covered Person is charged by any State or Federal Prosecutor or any government agency with committing any violation of law that involves fraud or dishonesty in the discharge of corporate responsibilities and results in a (i) guilty verdict, (ii) guilty plea, or (iii) settlement with an acknowledgment of wrongdoing and/or admission of fact that is the functional equivalent of an acknowledgment of wrongdoing, the Company will seek to clawback any incentive based compensation awarded covering the period of time that is the subject of the verdict, plea or settlement.

This language was added to the Clawback Policy on or around October 26, 2016.

10. **Revision to OSI's Insider Trading Policy:** OSI shall amend its Insider Trading Policy to require that Classified Insiders confirm in writing to a Senior Advisor all purchases and sales in Company stock within ten days of the transaction.

2. **Prior Corporate Governance Reforms**

The following corporate governance reforms have been implemented by OSI in the period between OSI's receipt of the initial books and records inspection demand on January 31, 2014 and July 7, 2016:

1. Compliance-designated budget was formally created.
2. New independent director James B. Hawkins joined the Board.
3. Rapiscan created new roles in order to strengthen its contract management and compliance functions, including:
 - Government Contracts Attorney – Washington, DC
 - Senior Contracts Administrator – Washington, DC
 - Contracts Administrator – Washington, DC
 - Contract Administration Manager – Washington, DC
 - Senior Contracts Administrator – Sunnyvale, CA

4. New Code of Ethics and Conduct was adopted, which addressed, among other topics:
 - Government Contracting Compliance
 - Gifts to Government Employees
 - Anti-Corruption and Anti-Bribery
 - Trade Compliance
 - Political Contributions and Activity
 - Ethics & Compliance Program
 - Investigations and Audits
 - Policy Against Retaliation
 - Limitations of the Code
 - Code Waivers
5. Enhancements to ethics and reporting hotline were implemented.
6. Company whistleblower policy was enhanced.
7. Experienced government contracts attorney was put in charge of Government Contract Management.
8. Learning Management System and enhanced training initiatives were implemented.
9. Formal Investigations Protocol was adopted to formalize responsibility for investigating ethics and compliance violations.
10. Training effectiveness metrics were adopted.
11. Severance package for VP of Compliance to bolster independence was established.

**EXHIBIT A-1
TO STIPULATION**

OSI SYSTEMS, INC.

CHARTER OF THE TECHNOLOGY COMMITTEE OF THE BOARD OF DIRECTORS

Purpose

The purpose of the Technology Committee of the Board of Directors (the “Board”) of OSI Systems, Inc. (the “Company”) shall be to evaluate and make recommendations to the Board regarding technology-related matters, and such other duties as the Board may from time to time prescribe.

Membership

The Technology Committee shall be composed of two or more non-management members of the Board. The Board shall appoint the members and may designate one of the Technology Committee members to be the chairman of the Technology Committee. Each member of the Technology Committee shall serve until such member’s successor is duly appointed or until such member’s earlier resignation or removal. The members of the Technology Committee may be removed from the Committee, with or without cause, by a majority vote of the Board.

The Technology Committee may delegate any of its responsibilities to subcommittees as the Technology Committee may deem appropriate in its sole discretion.

Meetings

The Technology Committee shall meet as often as it deems appropriate to fulfill the responsibilities set forth in this Charter.

Access and Resources

The Technology Committee shall have direct access to, and open communication with, senior management and may obtain advice and assistance from internal legal, accounting, and other advisors to assist it. While carrying out its responsibilities, the Technology Committee is entitled to rely on findings of fact, reports, opinions and advice of management as well as legal, accounting and other advisors retained by the Company. The Technology Committee may retain, when appropriate, independent technology experts, legal, accounting, and other advisors to assist it, and may determine the compensation of such advisors. The Company shall be responsible for any costs or expenses so incurred.

Responsibilities

Outlined below are certain continuing responsibilities that the Technology Committee shall fulfill in effecting its purpose as stated in this Charter. This list of responsibilities is presented for illustrative purposes and is not intended to be exhaustive. The Technology Committee may conduct additional activities as appropriate in light of changing technological, business,

financial, legislative, regulatory, legal or other conditions. The Technology Committee shall also fulfill other responsibilities delegated to it from time to time by the Board.

1. Review and make recommendations to the Board regarding significant technology investments in support of the Company's technology strategy.
2. Review the Company's risk exposure related to technology matters, as well as the Company's processes for monitoring and mitigating such risks.
3. Review the Company's technology competitiveness, including its research and development programs and intellectual property portfolio.
4. Review and discuss significant emerging technology issues, trends and opportunities.
5. Report regularly to the Board of Directors.
6. Maintain minutes or other records of meetings and activities of the Technology Committee.