



U.S. Department of Justice

Criminal Division

Fraud Section

Bond Building
1400 New York Avenue, NW
Washington, D.C. 20530

December 21, 2022

Peter Spivack
Hogan Lovells US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
peter.spivack@hoganlovells.com

Re: Safran S.A.

Dear Mr. Spivack:

Consistent with the FCPA Corporate Enforcement Policy, the Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Central District of California (collectively, the "Government") has declined prosecution of your client, Safran S.A. ("Safran" or the "Company"), for violations of the Foreign Corrupt Practices Act (the "FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.*

We have reached this conclusion despite the bribery committed by employees and agents of the Company's U.S. subsidiary Monogram Systems ("Monogram") and its German subsidiary EVAC GmbH ("EVAC"). The Government's investigation found evidence that from approximately 1999 until 2015, prior to Safran's acquisition of Monogram and EVAC, these entities paid millions of dollars to a China-based business consultant who was a close relative of a then-senior Chinese government official. Monogram and EVAC paid the business consultant in order to obtain lucrative train lavatory contracts with the Chinese government, while knowing that the funds would be used, at least in part, to pay bribes to a then-senior Chinese government official.

The Government has decided to decline prosecution of this matter based on an assessment of the factors set forth in the Corporate Enforcement Policy, Justice Manual ("JM") 9-47.120, and the Principles of Federal Prosecution of Business Organizations, JM 9-28.300, including but not limited to: (1) Safran's timely and voluntary self-disclosure of the misconduct; (2) Safran's full and proactive cooperation in this matter (including its provision of all known relevant facts about the misconduct) and its agreement to continue to cooperate in any ongoing government investigations; (3) the nature and seriousness of the offense; (4) Safran's timely and full remediation, including termination of a remaining employee involved in the misconduct, withholding the deferred compensation of another employee involved in the misconduct who had previously left the Company, and efforts to enhance its anti-corruption training and compliance program; (5) the fact that Safran was the successor-in-interest to its acquired subsidiaries Monogram and EVAC and that the misconduct had ceased pre-acquisition; (6) Safran's identification of the misconduct through post-acquisition due diligence, which Safran voluntarily

disclosed to the Government; (7) the fact that Safran agrees to and will disgorge the full amount of Monogram's ill-gotten gains to the Government (as described below); and (8) that Safran intends to accept responsibility and resolve liability of its German subsidiary EVAC in connection with an ongoing investigation by German authorities.

Pursuant to this letter agreement, Safran agrees to continue to fully cooperate in the Government's ongoing investigation, including but not limited to the continued provision of any information and making available for interviews and/or testimony those officers, employees, or agents who possess relevant information, as determined in the sole discretion of the Government.

Safran further agrees to disgorge \$17,159,753 USD (the "Disgorgement Amount"), which represents Monogram's profits from the corruptly obtained and retained contracts, as calculated by the Government. The Government agrees to defer to German authorities in imposing any amount Safran owes resulting from EVAC's involvement in the same scheme.

This letter agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with Safran. If the Government learns information that changes its assessment of any of the factors outlined above, it may reopen its inquiry.

Sincerely,

GLENN S. LEON
Chief, Fraud Section
Criminal Division
Department of Justice

E. MARTIN ESTRADA
United States Attorney
Central District of California

BY: *Jill Simon*
JILL SIMON
Trial Attorney, Fraud Section

Thomas Rybarczyk
THOMAS RYBARCZYK
Assistant United States Attorney

I have read this letter agreement and carefully reviewed every part of it with outside counsel for Safran S.A. The Board of Directors of Safran S.A. has been advised of the terms of this letter agreement. I understand the terms of this letter agreement and, on behalf of Safran S.A., voluntarily agree and consent to the facts and conditions set forth herein, including to pay the Disgorgement Amount and to continue to cooperate with the Government.

Date: *Dec. 22, 2022*

BY:

Karine Stamens
Karine Stamens
Exec. Vice President and Corporate Secretary
Safran S.A.