



U.S. Department of Justice

Criminal Division

*Fraud Section
1400 New York Ave., NW
Washington, D.C. 20005*

September 29, 2016

Paul E. Coggins, Esq.
Kiprian Mendrygal, Esq.
Locke Lord LLP
2200 Ross Avenue
Suite 2200
Dallas, Texas 75201

Re: NCH Corporation

Dear Counsel:

Consistent with the FCPA Pilot Program announced April 5, 2016, the Department of Justice, Criminal Division, Fraud Section (the "Department") is closing its investigation of your client NCH Corporation ("NCH"), an industrial supply and maintenance company based in Irving, Texas, and its subsidiaries concerning violations of the Foreign Corrupt Practices Act (the "FCPA"), 15 U.S.C. §§ 78dd-2 and 78dd-3.

Our investigation found that from in or about February 2011 until mid-2013, NCH's subsidiary in China ("NCH China") illegally provided things of value worth approximately \$44,545 to Chinese government officials in connection with sales that generated profits to NCH of approximately \$335,342. Specifically, from in or about February 2011 until mid-2013, employees of NCH China provided Chinese government officials—employees of NCH China's state-owned and state-controlled customers, which were "instrumentalities" under the FCPA—with cash and other things of value, including gifts, meals, and entertainment, in order to influence the officials' purchasing decisions. NCH China described these bribes in internal accounting records as, among other things, "customer maintenance fees," "customer cooperation fees," and "cash to customer." An NCH executive in the United States who had responsibility for overseeing NCH's business in China reviewed these expenditures. Also, in June 2012, NCH paid expenses for several employees of an NCH China government customer for a 10-day trip to various cities in the United States and Canada, only one half-day of which involved business-related activities. The remainder of the trip involved sightseeing and other non-business activities. NCH paid approximately \$12,000 for the non-business related expenses incurred by the officials during their trip, notwithstanding that NCH knew that: (1) the officials worked for a government entity; (2) NCH China had a sales bid pending before that entity while details of the trip were being discussed with the customer (although the bid was lost before the trip was taken); (3) various expenses were not for legitimate business activities; and (4) NCH had been advised that the proposed 10-day trip might violate the FCPA.

The Department's decision to close its investigation into this matter is based on a number of factors, including but not limited to: (1) NCH's voluntary self-disclosure of the matters described above; (2) NCH's thorough and comprehensive internal investigation of the matter; (3) NCH's full cooperation in this matter (including its provision of all known relevant facts about the individuals involved in or responsible for the misconduct) and its agreement to continue to fully cooperate in any ongoing investigations of individuals arising from this matter; (4) NCH's agreement to disgorge to the Department all profits earned from the illegal conduct; (5) the steps NCH has taken and continues to take to enhance its compliance program and its internal accounting controls; and (6) NCH's full remediation (including terminating and/or taking disciplinary action against the employees involved in the misconduct, including senior managers and lower-level employees involved in the misconduct, as well as high-level executives at NCH's headquarters in the United States who oversaw the subsidiary in which the China misconduct occurred).

Pursuant to this letter agreement, NCH agrees to disgorge \$335,342 (the "Disgorgement Amount"), which represents the profit to NCH from the illegally obtained sales in China. NCH shall pay the Disgorgement Amount to the United States Treasury within 10 business days of its execution of this letter. NCH acknowledges that no tax deduction may be sought in connection with any part of its payment of the Disgorgement Amount. NCH further agrees that it will not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the Disgorgement Amount.

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

Sincerely,

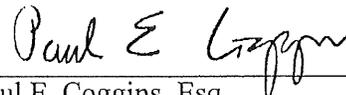


Laura N. Perkins, Assistant Chief
Rohan A. Virginkar, Trial Attorney
Daniel S. Kahn, Deputy Chief

The Company agrees and consents to the facts and conditions set forth herein:

Date: 9/28/16

BY:



Paul E. Coggins, Esq.
Kiprian Mendrygal, Esq.
Locke Lord LLP
Counsel to NCH Corp.