

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

UNITED STATES OF AMERICA	§	
	§	
v.	§	CRIMINAL NO. 17-685
	§	
SBM OFFSHORE USA, INC.	§	
	§	

PLEA AGREEMENT

The United States of America, by and through the Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”) and the United States Attorney’s Office for the Southern District of Texas (the “Office”) (collectively, the “Offices”), and the Defendant, SBM Offshore USA, Inc. (the “Defendant”), by and through its undersigned attorneys, and through its authorized representative, pursuant to authority granted by the Defendant’s Board of Directors, hereby submit and enter into this plea agreement (the “Agreement”), pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure. The terms and conditions of this Agreement are as follows:

The Defendant’s Agreement

1. Pursuant to Fed. R. Crim. P. 11(c)(1)(C) the Defendant agrees to waive its right to grand jury indictment and its right to challenge venue in the

District Court for the Southern District of Texas, and to plead guilty to a one count criminal Information charging the Defendant with one count of conspiracy to violate the Foreign Corrupt Practice Act (“FCPA”), in violation of 18 U.S.C. § 371, and 15 U.S.C. §§ 78dd-2 and 78dd-3. The Defendant further agrees to persist in that plea through sentencing and, as set forth below, to cooperate fully with the United States in its investigation into the conduct described in this Agreement and other conduct related to corrupt payments. The Defendant, by entering this plea, agrees that he is waiving any right to have the facts that the law makes essential to the punishment either charged in the information, or proved to a jury or proven beyond a reasonable doubt.

Punishment Range

2. The statutory maximum sentence that the Court can impose for a violation of Title 18, United States Code, Section 371, is a fine of \$500,000, or twice the gross pecuniary gain or gross pecuniary loss resulting from the offense, whichever is greatest, Title 18, United States Code, Section 571(c)(3), (d); five years’ probation, Title 18, United States Code, Section 3561(c)(1); and a mandatory special assessment of \$400 per count, Title 18, United States Code, Section 3013(a)(2)(B). In this case, the parties agree that the gross pecuniary gain under the U.S. Sentencing Guidelines (“Sentencing Guidelines” or “U.S.S.G.”) is

\$2,819,500,000. Therefore, pursuant to 18 U.S.C. § 3571(d), the maximum fine that may be imposed is \$5,639,000,000 per offense, or in this case a total of \$5,639,000,000.

Mandatory Special Assessment

3. Pursuant to Title 18, United States Code, Section 3013(a)(2)(A), immediately after sentencing, Defendant will pay to the Clerk of the United States District Court a special assessment in the amount of one hundred dollars (\$100.00) per count of conviction. The payment will be by cashier's check or money order, payable to the Clerk of the United States District Court, c/o District Clerk's Office, P.O. Box 61010, Houston, Texas 77208, Attention: Finance.

Waiver of Appeal and Collateral Review

4. The Defendant is aware that Title 28, United States Code, Section 1291, and Title 18, United States Code, Section 3742, afford a defendant the right to appeal the conviction and sentence imposed. The Defendant is also aware that Title 28, United States Code, Section 2255, affords the right to contest or "collaterally attack" a conviction or sentence after the judgment of conviction and sentence has become final. The Defendant knowingly and voluntarily waives the right to appeal or "collaterally attack" the conviction and sentence, except that The Defendant does not waive the right to raise a claim of ineffective assistance of

counsel on direct appeal, if otherwise permitted, or on collateral review in a motion under Title 28, United States Code, section 2255. In the event the Defendant files a notice of appeal following the imposition of the sentence or later collaterally attacks his conviction or sentence, the United States will assert its rights under this agreement and seek specific performance of these waivers.

5. The Defendant waives all defenses based on venue, speedy trial under the Constitution and Speedy Trial Act, and the statute of limitations, in the event that (a) the Defendant's conviction is later vacated for any reason, (b) the Defendant violates any provision of this Agreement, or (c) the Defendant's plea is later withdrawn.

6. The Defendant understands and agrees that each and all waivers contained in the Agreement are made in exchange for the concessions made by the United States in this plea agreement.

7. Nonetheless, the Defendant knowingly waives the right to appeal or collaterally attack the conviction and any sentence within the statutory maximum described below (or the manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742, or on any ground whatsoever except those specifically excluded in this Paragraph, in exchange for the concessions made by the Offices in this plea Agreement. This

Agreement does not affect the rights or obligations of the Offices as set forth in Title 18, United States Code, Section 3742(b). The Defendant also knowingly waives the right to bring any collateral challenge challenging either the conviction, or the sentence imposed in this case. The Defendant hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a. The Defendant waives all defenses based on the statute of limitations and venue with respect to any prosecution related to the conduct described in Exhibit 2 or the Information, including any prosecution that is not time-barred on the date that this Agreement is signed in the event that: (a) the conviction is later vacated for any reason; (b) the Defendant violates this Agreement; or (c) the plea is later withdrawn, provided such prosecution is brought within one year of any such vacation of conviction, violation of agreement, or withdrawal of plea plus the remaining time period of the statute of limitations as of the date that this Agreement is signed. The United States is free to take any position on appeal or any other post-judgment matter. The parties agree that any challenge to the

Defendant's sentence that is not foreclosed by this Paragraph will be limited to that portion of the sentencing calculation that is inconsistent with (or not addressed by) this waiver. Nothing in the foregoing waiver of appellate and collateral review rights shall preclude the Defendant from raising a claim of ineffective assistance of counsel in an appropriate forum.

Agreement Binding - Southern District of Texas and Fraud Section Only

8. The Defendant understands and agrees that this Agreement is between the Offices and the Defendant and does not bind any other division or section of the Department of Justice or any other federal, state, or local prosecuting, administrative, or regulatory authority. Nevertheless, the Offices will bring this Agreement and the nature and quality of the conduct, cooperation, and remediation of the Defendant, its direct or indirect affiliates, subsidiaries, and joint ventures, to the attention of other prosecuting authorities or other agencies, as well as debarment authorities and Multilateral Development Banks ("MDBs"), if requested by the Defendant.

9. The Defendant agrees that this Agreement will be executed by an authorized corporate representative of the Defendant. The Defendant further agrees that a resolution duly adopted by the Defendant's Board of Directors, as certified to in the form attached to this Agreement as Exhibit 1, authorizes the Defendant to

enter into this Agreement and take all necessary steps to effectuate this Agreement, and that the signatures on this Agreement by the Defendant and its counsel are authorized by the Defendant's Board of Directors, on behalf of the Defendant.

10. The Defendant agrees that it has the full legal right, power, and authority to enter into and perform all of its obligations under this Agreement.

Facts and Circumstances Presented by the Defendant

11. The United States enters into this Agreement based on the individual facts and circumstances presented by this case and the Defendant, including:

a. the Defendant's parent company, SBM Offshore N.V. (the "Parent Company"), is entering into a deferred prosecution agreement (the "DPA") simultaneously to the Defendant entering its guilty plea;

b. the Defendant did not receive voluntary disclosure credit because, although the Defendant's Parent Company voluntarily brought the conduct to the attention of the Fraud Section and to Dutch authorities, the disclosure did not occur for approximately one year and thus was not timely;

c. although the Fraud Section initially declined to continue investigating the Defendant and its Parent Company, it communicated that this declination was based on the findings of the Parent Company's investigation and the facts known to the Fraud Section at the time, and that there was not apparent

jurisdiction at that point in time, but that the Fraud Section reserved the right to reopen the investigation if it learned of additional information or evidence that established U.S. jurisdiction;

d. the Fraud Section informed the Defendant and its Parent Company in 2016 that it was reopening the investigation because the Fraud Section learned additional information that was not uncovered by the Defendant's Parent Company during its investigation, and not known to either the Defendant's Parent Company or the Fraud Section at the time of declination; specifically, that a United States-based executive of one of the Defendant, and its predecessor corporations, managed a significant portion of the corrupt scheme, and engaged in conduct within the jurisdiction of the United States; in addition, even though the Offices are crediting the full amount paid in fines and forfeiture to the Dutch authorities in connection with the Dutch resolution, the penalty owed in the United States exceeds the amount paid to the Dutch authorities;

e. the Defendant and its Parent Company received full credit for their cooperation with the Offices' investigation because, once it fully disclosed the conduct to the Offices, the Defendant and its Parent Company engaged in full cooperation, including: conducting a thorough internal investigation, making regular factual presentations to the Offices, voluntarily making foreign-based employees

available for interviews in the United States, producing documents to the United States from foreign countries, and collecting, analyzing, and organizing voluminous evidence and information for the Offices;

f. by the completion of the investigation, the Defendant and its Parent Company provided to the Offices all relevant facts, including information about the individuals involved in the conduct described in the Exhibit 2 (Statement of Facts) and conduct disclosed to the Offices prior to the Agreement, which assisted the Offices' prosecution of culpable individuals;

g. the Defendant and its Parent Company engaged in remedial measures, including the following: of the three employees who had engaged in the misconduct and who remained with the Defendant or its Parent Company when the Defendant and its Parent Company learned of the misconduct, terminating two employees and demoting the other; seeking and obtaining the return of corrupt funds from agents; terminating longstanding agency relationships with corrupt and questionable third parties; stopping all payments to all of its agents in order to engage in a complete review of its then-current agents, resulting in a significant reduction in the Defendant's Parent Company's total number of agents; hiring a full-time Chief Governance and Compliance Officer, with authority to raise issues directly to the Supervisory Board or Audit Committee; engaging an independent company to

design a new compliance program; creating a whistleblower hotline; training its sales and marketing personnel; and completing 3 years of monitoring under the supervision of the Dutch authorities;

h. the Defendant and its Parent Company have committed to continuing to enhance their compliance program and internal controls, including continuing to ensure that their compliance program satisfies the minimum elements set forth in Exhibit 3 to this Agreement (Corporate Compliance Program);

i. based on the Defendant and its Parent Company's remediation and the state of their compliance program, and the Company's agreement to report to the United States as set forth in Attachment C to the Parent Company's Deferred Prosecution Agreement (Corporate Compliance Reporting), the Offices determined that an independent compliance monitor was unnecessary;

j. the nature and seriousness of the offense, which lasted over 16 years, was carried out by employees at the highest level of the Parent Company, including two high-level executives who were at times directors of the Defendant's predecessor corporations, involved large bribe payments, and included deliberate efforts to conceal the scheme;

k. the Defendant and its Parent Company have no prior criminal history;

1. the Defendant and its Parent Company have agreed to continue to cooperate with the United States in the Offices' ongoing investigation of individuals or other companies; and

m. accordingly, despite the nature and seriousness, pervasiveness, and scope of the offense, due to the ability of the Offices to prosecute the culpable individual wrongdoers, the significant collateral consequences that a Parent Company-level guilty plea would cause, the significant cooperation and remediation undertaken by the Defendant and its Parent Company, the fact that the Parent Company reached a resolution with the Dutch authorities and has ongoing efforts to resolve with the Brazilian authorities involving certain overlapping conduct (which the Offices have taken into account in the Parent Company's penalty), the avoidance of a penalty that would substantially jeopardize the continued viability of the Parent Company, and the other considerations outlined in (a) through (l) above, the Offices have determined that the Defendant's guilty plea, a Parent Company-level deferred prosecution agreement, and an aggregate discount of 25% off of the bottom of the Parent Company's otherwise-applicable Sentencing Guidelines fine range is sufficient but not greater than necessary to achieve the purposes described in 18 U.S.C. § 3553.

The Defendant's Agreements

12. The Defendant agrees to abide by all terms and obligations of this Agreement as described herein, including, but not limited to, the following:

- a. to plead guilty as set forth in this Agreement;
- b. to abide by all sentencing stipulations contained in this Agreement;
- c. to appear, through its duly appointed representatives, as ordered for all court appearances, and obey any other ongoing court order in this matter, consistent with all applicable U.S. and foreign laws, procedures, and regulations;
- d. to commit no further crimes;
- e. to be truthful at all times with the Court;
- f. to pay the applicable fine and special assessment; and
- g. to continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations, including but not be limited to the minimum elements set forth in Exhibit 3 of this Agreement;

13. Except as may otherwise be agreed by the parties in connection with a particular transaction, the Defendant agrees that in the event that, during the term of the Parent Company's DPA, the Defendant undertakes any change in corporate

form, including if it sells, merges, or transfers business operations that are material to the Parent Company's or the Defendant's consolidated operations, or to the operations of any subsidiaries or affiliates involved in the conduct described in Exhibit 2 of the Agreement attached hereto, as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The purchaser or successor in interest must also agree in writing that the Offices' ability to breach under this Agreement is applicable in full force to that entity. The Defendant agrees that the failure to include these provisions in the transaction will make any such transaction null and void. The Defendant shall provide notice to the United States at least thirty days prior to undertaking any such sale, merger, transfer, or other change in corporate form. If the United States notifies the Defendant prior to such transaction (or series of transactions) that it has determined that the transaction(s) has the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined in the sole discretion of the Offices, the Defendant agrees that such transaction(s) will not be consummated. In addition, if at any time during term of the Parent Company's DPA the Offices determine in their

sole discretion that the Defendant has engaged in a transaction(s) that has the effect of circumventing or frustrating the enforcement purposes of this Agreement, it may deem it a breach of this Agreement pursuant to Paragraphs 28-31. Nothing herein shall restrict the Defendant from indemnifying (or otherwise holding harmless) the purchaser or successor in interest for penalties or other costs arising from any conduct that may have occurred prior to the date of the transaction, so long as such indemnification does not have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined by the Offices.

14. The Defendant shall, subject to applicable law and regulations, cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct related to possible corrupt payments under investigation by the Offices at any time during the term of the Parent Company's DPA, subject to applicable law and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the end of the term of the Parent Company's DPA. At the request of the Offices, the Defendant shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of the Defendant or the Parent Company, or the Defendant or the Parent Company's

present or former subsidiaries, affiliates, officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to possible corrupt payments under investigation by the Offices at any time during the Term. The Defendant agrees that its cooperation pursuant to this paragraph shall include, but not be limited to, the following:

a. The Defendant shall, subject to applicable law and regulations, truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or attorney work product doctrine with respect to its activities, those of the Parent Company and affiliates, and those of its present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which the Defendant has any knowledge or about which the Fraud Section may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Defendant to provide to the Offices, upon request, any document, record or other tangible evidence about which the United States may inquire of the Defendant.

b. Upon request of the United States, the Defendant shall designate knowledgeable employees, agents or attorneys to provide to the Offices the information and materials described in Paragraph 14(a) above on behalf of the

Defendant. It is further understood that the Defendant must at all times provide complete, truthful, and accurate information.

c. The Defendant shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents and consultants of the Defendant. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Defendant, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, the Defendant consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as the MDBs, of such materials as the United States, in its sole discretion, shall deem appropriate.

15. During the term of the cooperation obligations provided for in this Agreement, should the Defendant learn of any evidence or allegation of conduct that may constitute a violation of the FCPA anti-bribery provisions had the conduct

occurred within the jurisdiction of the United States or a violation of U.S. federal law, the Defendant shall promptly report such evidence or allegation to the United States. Thirty days prior to the end of the term of the cooperation obligations provided for in Paragraph 14 of the Agreement, the Defendant, by a duly authorized representative for the Defendant or the Parent Company, will certify to the Fraud Section that the Defendant has met its disclosure obligations pursuant to this Paragraph. Each certification will be deemed a material statement and representation by the Defendant to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

Fines – Generally

16. The Defendant agrees that any fine or forfeiture order imposed by the Court will be due and payable in full at the time of the entry of judgment following such sentencing hearing, and the Defendant will not attempt to avoid or delay payment.

The United States' Agreement

17. In exchange for the guilty plea of the Defendant and the complete fulfillment of all of its obligations under this Agreement, the Offices agree they will not file additional criminal charges against the Defendant or any of its direct or

indirect subsidiaries, affiliates, or joint ventures, except for the charges specified in the DPA between the Offices and the Parent Company, relating to (a) any of the conduct concerning the worldwide conspiracy described in Exhibit 2 or the Information filed pursuant to this Agreement, or (b) information made known to the Offices prior to the date of this Agreement. This Paragraph does not provide any protection against prosecution for any crimes, including corrupt payments or related money laundering charges, made in the future by the Defendant or by any of its officers, directors, employees, agents or consultants, whether or not disclosed by the Defendant pursuant to the terms of this Agreement. This Agreement does not close or preclude the investigation or prosecution of any natural persons, including any officers, directors, employees, agents, or consultants of the Defendant or its direct or indirect affiliates, subsidiaries, or joint ventures, who may have been involved in any of the matters set forth in the Information, Exhibit 2, or in any other matters. The Defendant agrees that nothing in this Agreement is intended to release the Defendant from any and all of the Defendant's excise and income tax liabilities and reporting obligations for any and all income not properly reported and/or legally or illegally obtained or derived.

Factual Basis

18. The Defendant is pleading guilty because it is guilty of the charges contained in the Information. The Defendant admits, agrees, and stipulates that the factual allegations set forth in the Information and Exhibit 2 are true and correct, that it is responsible for the acts of its officers, directors, employees, and agents described in the Information and Exhibit 2, and that the Information and Exhibit 2 accurately reflect the Defendant's criminal conduct.

Sentencing Recommendation

19. The parties agree that pursuant to *United States v. Booker*, 543 U.S. 220 (2005), the Court must determine an advisory Sentencing Guideline range pursuant to the United States Sentencing Guidelines. The Court will then determine a reasonable sentence within the statutory range after considering the advisory Sentencing Guideline range and the factors listed in Title 18, United States Code, Section 3553(a). The parties' agreement herein to any Sentencing Guidelines factors constitutes proof of those factors sufficient to satisfy the applicable burden of proof. The Defendant also understands that if the Court accepts this Agreement, the Court is bound by the sentencing provisions in Paragraph 2.

20. The parties agree that a faithful application of the Sentencing Guidelines to determine the applicable fine range yields the following analysis:

21. The 2016 U.S.S.G. are applicable to this matter.

22. Offense Level. Based upon U.S.S.G. § 2C1.1, the total offense level is 48, calculated as follows:

(a)(2) Base Offense Level	12
(b)(1) Multiple Bribes	+2
(b)(2) Value of benefit received more than \$550,000,000	+30
(b)(3) Public official in a high-level decision-making position	+4
TOTAL	48

23. Base Fine. Based upon U.S.S.G. § 8C2.4(a)(2), the base fine is \$2,819,500,000 (since the pecuniary gain exceeded the fine indicated in the Offense Level Fine Table)

24. Culpability Score. Based upon U.S.S.G. § 8C2.5, the culpability score is 8, calculated as follows:

(a) Base Culpability Score	5
(b)(3) the organization had 200 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was willfully ignorant of the offense	+3
(g)(1) The organization cooperated in the investigation, and clearly demonstrated recognition and affirmative acceptance	

of responsibility for its criminal conduct	-2
TOTAL	<u>6</u>

Calculation of Fine Range:

Base Fine	\$2,819,500,000
Multipliers	1.2 (min)/ 2.4 (max)
Fine Range	\$3,383,400,000 / \$6,766,800,000

25. Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the United States and the Defendant agree that the following represents the appropriate disposition of the case:

a. **Disposition.** Pursuant to Fed. R. Crim. P. 11(c)(1)(C), the Offices and the Defendant agree that the appropriate disposition of this case is as set forth above, and agree to recommend jointly that the Court at a hearing to be scheduled at an agreed upon time impose a sentence requiring the Defendant to pay a criminal fine of \$500,000 and criminal forfeiture of \$13,200,000, payable in full within ten business days of such sentencing hearing (“the recommended sentence”). The parties agree that, in light of the Parent Company’s DPA, which requires the Parent Company to pay a total monetary penalty of \$238,000,000 (including a contemplated \$500,000 fine and \$13,200,000 in criminal forfeiture on behalf of the

Defendant) as a result of misconduct committed by both the Parent Company and the Defendant, as well as factors described in the Parent Company's DPA, a \$500,000 fine should be imposed on the Defendant.

b. **Forfeiture**: The Defendant hereby admits and acknowledges that in connection with the criminal conduct as charged in Count One of the Information, at least \$13,200,000 in proceeds was obtained. Pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461, the Defendant agrees to forfeit \$13,200,000 in United States currency (the "Forfeiture Amount"), representing the amount of proceeds traceable to the violations set forth in Count One of the Information and agrees to the imposition of an Order of Forfeiture against it and in favor of the United States in that amount. The Defendant acknowledges that the more than \$13,200,000 in actual proceeds have been dissipated or have been commingled with other property which cannot be divided without difficulty, such that the actual proceeds are no longer readily identifiable and available. The Defendant therefore stipulates and admits that one or more of the conditions set forth in Title 21, United States Code, Section 853(p), exists. No later than ten business days after the Defendant's sentencing hearing, the Defendant shall cause the transfer of the Forfeiture Amount, plus any associated transfer fees, to U.S. Homeland Security Investigations on behalf of U.S. Customs and Border Protection,

pursuant to payment instructions provided by the United States in order to fully satisfy the forfeiture money judgment. The United States agrees that payments made by or on behalf of the Defendant shall be credited against the Total Monetary Penalty agreed to in the Parent Company's DPA. The Defendant consents to the entry of the Order of Forfeiture annexed hereto as Exhibit 4 and agrees pursuant to Federal Rule of Criminal Procedure 32.2(b)(4)(A) that the Order of Forfeiture shall be final as to the Defendant at the time it is ordered by the Court.

c. The Defendant shall not seek or accept directly or indirectly reimbursement or indemnification from any source, other than from the Parent Company, with regard to the penalty or disgorgement amounts that the Defendant pays pursuant to the Agreement. The Defendant further acknowledges that no tax deduction may be sought in connection with the payment of any part of this \$13,200,000 in criminal forfeiture. The United States agrees that a disposition that includes a fine of \$500,000 is appropriate based on the factors outlined in Paragraph 11 of the Agreement and those in 18 U.S.C. § 3553(a), and that a criminal forfeiture of \$13,200,000 is appropriate in light of the amount of proceeds obtained from the criminal activity alleged in Count One of the Information.

26. This Agreement is presented to the Court pursuant to Fed. R. Crim. P. 11(c)(1)(C). The Defendant understands that, if the Court rejects this Agreement,

the Court must: (a) inform the parties that the Court rejects the Agreement; (b) advise the Defendant's counsel that the Court is not required to follow the Agreement and afford the Defendant the opportunity to withdraw its plea; and (c) advise the Defendant that if the plea is not withdrawn, the Court may dispose of the case less favorably toward the Defendant than the Agreement contemplated. The Defendant further understands that if the Court refuses to accept any provision of this Agreement, neither party shall be bound by the provisions of the Agreement.

27. In the event the Court directs the preparation of a Presentence Investigation Report, the Offices will fully inform the preparer of the Presentence Investigation Report and the Court of the facts and law related to the Defendant's case. At the time of the plea hearing, the parties will suggest mutually agreeable and convenient dates for the sentencing hearing with adequate time for (a) any objections to the Presentence Report, and (b) consideration by the Court of the Presentence Report and the parties' sentencing submissions.

Breach of Agreement

28. If during the term of the Parent Company's DPA, the Defendant (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information; (c) fails to cooperate as set forth in Paragraphs 14 and 15 of this Agreement; (d) fails to

implement a compliance program as set forth in Paragraph 12(g) of this Agreement and Exhibit 3; (e) commits any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fails specifically to perform or to fulfill completely each of the Defendant's obligations under the Agreement, regardless of whether the United States becomes aware of such a breach after the term of the Parent Company's DPA, the Defendant shall thereafter be subject to prosecution for any federal criminal violation of which the United States has knowledge, including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the United States in the U.S. District Court for the Southern District of Texas or any other appropriate venue. Determination of whether the Defendant has breached the Agreement and whether to pursue prosecution of the Defendant shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Defendant. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Defendant, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Parent Company's DPA plus

one year. Thus, by signing this Agreement, the Defendant agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the term described in the Parent Company's DPA plus one year. The Defendant gives up all defenses based on the statute of limitations, any claim of pre-indictment delay, or any speedy trial claim with respect to any such prosecution or action, except to the extent that such defenses existed as of the date of the signing of this Agreement. In addition, the Defendant agrees that the statute of limitations as to any violation of federal law that occurs during the term of the cooperation obligations provided for in Paragraphs 14 and 15 of the Agreement will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

29. In the event the Offices determine that the Defendant has breached this Agreement, the Offices agree to provide the Defendant with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty days of receipt of such notice, the Defendant shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions the Defendant has taken to address and remediate the situation,

which explanation the Offices shall consider in determining whether to pursue prosecution of the Defendant.

30. In the event that the Offices determine that the Defendant has breached this Agreement: (a) all statements made by or on behalf of the Defendant to the United States or to the Court, including the attached Statement of Facts, and any testimony given by the Defendant before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the United States against the Defendant; and (b) the Defendant shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Defendant prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Defendant, will be imputed to the Defendant for the purpose of determining whether the Defendant has violated any provision of this Agreement shall be in the sole discretion of the Offices.

31. The Defendant acknowledges that the Offices have made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Defendant breaches this Agreement and this matter proceeds to judgment. The Defendant further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

Public Statements by the Defendant

32. The Defendant expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Defendant make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Defendant set forth above or the facts described in the Information and Exhibit 2. Any such contradictory statement shall, subject to cure rights of the Defendant described below, constitute a breach of this Agreement, and the Defendant thereafter shall be subject to prosecution as set forth in Paragraphs 28-31 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Information or Exhibit 2 will be imputed to the Defendant for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Offices. If the Offices determine that a public statement by any

such person contradicts in whole or in part a statement contained in the Information or Exhibit 2, the Offices shall so notify the Defendant, and the Defendant may avoid a breach of this Agreement by publicly repudiating such statement(s) within five business days after notification. The Defendant shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Information and Exhibit 2 provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Information or Exhibit 2. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Defendant in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Defendant.

33. The Defendant agrees that if it or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Defendant shall first consult the Offices to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Defendant; and (b) whether the Offices have any objection to the release or statement.

Complete Agreement

34. This document states the full extent of the Agreement between the parties. There are no other promises or agreements, express or implied. Any modification of this Agreement shall be valid only if set forth in writing in a supplemental or revised plea agreement signed by all parties.

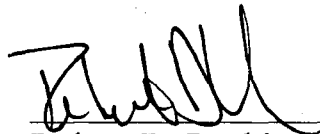
AGREED:

FOR SBM OFFSHORE USA, INC.:

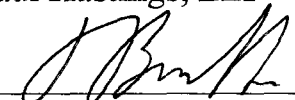
Date: 4/29/2017

By: 
Philip Islip
SBM OFFSHORE USA, INC.

Date: Nov. 29, 2017

By: 
Robert D. Luskin
Jennifer D. Riddle
Lucy B. Jennings
Paul Hastings, LLP

Date: Nov. 29, 2017

By: 
John D. Buretta
Cravath, Swaine & Moore, LLP

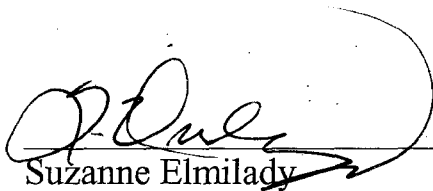
FOR THE UNITED STATES OF AMERICA:

SANDRA MOSER
Acting Chief, Fraud Section
Criminal Division
United States Department of Justice

ABE MARTINEZ
Acting United States Attorney
United States Attorney's Office
Southern District of Texas

By: _____


Dennis R. Kihm
Trial Attorney


Suzanne Elmilady
Assistant United States Attorney

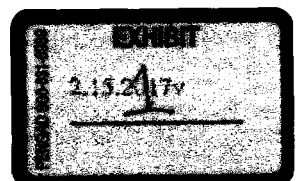
CERTIFICATE OF CORPORATE RESOLUTIONS

I, Alexander Baume, do hereby certify that I am the Secretary of SBM Offshore USA, Inc. (the “Company”), a company organized in Delaware, and that the following in an accurate excerpt of certain resolutions unanimously adopted by written consent on November 29, 2017, by the Board of Directors of the Company:

WHEREAS, the Company has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”) and the United States Attorney’s Office for the Southern District of Texas (the “Office”) (collectively, the “Offices”) regarding issues arising in relation to certain improper payments to foreign officials to facilitate the award of contracts and assist in obtaining business for the Company; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Offices; and

WHEREAS, the Company’s outside counsel, Robert D. Luskin, has advised the Company’s Board of Directors of its rights, possible defenses, the Sentencing Guidelines’ provisions, and the consequences of entering into such agreement with the Offices;



Therefore, the Board of Directors has RESOLVED that:

1. The Company acknowledges the filing of the one-count Information charging the Company with Title 18, United States Code, Section 371, and Title 15, United States Code, Sections 78dd-2 and 78dd-3, as amended;
2. The Company knowingly waives indictment on such charges and enters into a plea agreement with the Offices (the "Plea Agreement");
3. The Company admits the court's jurisdiction over the Company and the subject matter of such action and consents to the judgment therein;
4. The Company knowingly accepts all terms and conditions of the Plea Agreement, including, but not limited to, (a) a knowing waiver of its rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18 United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) a knowing waiver for purpose of the Plea Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue and consents to the filing of the Information, as provided under the terms of the Plea Agreement, in the United States District Court for the Southern District of Texas; and (c) a knowing waiver of any defenses based on the statute of limitations and venue for any

prosecution relating to the conduct described in the attached Statement of Facts or relating to the conduct known to the Offices prior to the date on which the Plea Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of the Plea Agreement;

5. The Company agrees to pay a fine of \$500,000, and forfeiture of \$13,200,000 with respect to the conduct described in the Information;

6. The Company's Vice President for Legal and Contracts, Philip Islip, is hereby authorized, empowered and directed, on behalf of the Company, to execute the Plea Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such changes as the Company's Vice President for Legal and Contracts, Philip Islip, may approve;

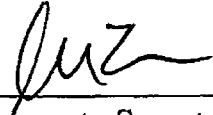
7. The Company's Vice President for Legal and Contracts, Philip Islip, is hereby authorized, empowered and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

8. All of the actions of the Company's Vice President for Legal and Contracts, Philip Islip, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such

resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

Date: November 29, 2017

By:



Corporate Secretary
SBM Offshore USA, Inc.

EXHIBIT 2

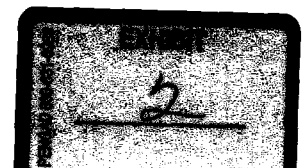
STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Plea Agreement between the United States Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”) and the United States Attorney’s Office for the Southern District of Texas (the “Office”) (collectively, the “Offices”), and SBM Offshore USA, Inc. (“SBM USA” or the “Company”), and the parties hereby agree and stipulate that the following information is true and accurate. Certain of the facts herein are based on information obtained from third parties by the Offices through their investigation and described to SBM USA. SBM USA admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Had this matter proceeded to trial, SBM USA acknowledges that the Fraud Section would have proven beyond a reasonable doubt, by admissible evidence, the facts alleged below and set forth in the criminal Information:

Relevant Individuals and Entities

SBM and Related Entities and Individuals

1. SBM USA was a Delaware-incorporated, Houston, Texas-based oil and gas services company that was a wholly-owned subsidiary of SBM Offshore N.V. (“SBM Offshore”). SBM USA is the successor corporation to Atlantia



Corporation, a/k/a SBM Atlantia, Inc., a/k/a Atlantia Offshore Limited (“SBM Atlantia”), and SBM-Imodco, Inc., a/k/a Imodco, Inc. (“SBM Imodco”), all of which were “domestic concerns” as that term is used in the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. § 78dd-2.

2. SBM Offshore was a publicly-traded company in the Netherlands, with offices in Amsterdam, Monaco, Switzerland and Houston, Texas. SBM Offshore was a holding company with major business operations specialized in designing, constructing, and providing offshore oil and gas drilling equipment such as Floating Production Storage and Offloading (“FPSO”) vessels, Single-Point Mooring (“SPM”) buoys, and Catenary Anchor Leg Mooring (“CALM”) terminals. SBM Offshore operated through its various subsidiaries (collectively, “SBM”).

3. “Executive 1,” an individual whose identity is known to SBM USA and the United States, was a French citizen and high-level executive of SBM from in or around 2004 until in or around April 2008. From in or around 2000 until in or around 2008 Executive 1 was, at various times, also a member of the Board of Directors of SBM Imodco and SBM Atlantia and thus was a “director,” “employee,” and “agent” of a “domestic concern” as those terms are used in the FCPA.

4. Anthony Mace (“Mace”) was a U.K. citizen and high-level executive of SBM from in or about April 2008 until in or about December 2011. From in or around 2000 until in or around 2011, Mace was, at various times, a member of the Board of Directors and an executive of SBM Imodco and a member of the Board of Directors of SBM Atlantia, and thus was an “officer,” “director,” “employee,” and “agent” of a “domestic concern” as those terms are used in the FCPA.

5. Robert Zubiate (“Zubiate”) was a U.S. citizen, an employee of SBM, and an executive of, at various times, SBM USA, SBM Atlantia, and SBM Imodco. Zubiate worked on SBM’s sales and marketing efforts in Latin America, which from between at least in or around 1990 until at least in or around the second quarter of 2008 included Brazil. Zubiate continued his employment with SBM USA until February 2016. Zubiate was a “domestic concern” and an “employee” and “agent” of a “domestic concern” as those terms are used in the FCPA.

SBM’s Commercial Advisors

6. “Intermediary 1,” an individual whose identity is known to SBM USA and the United States, was a Brazilian citizen, who provided sales and marketing services to SBM and SBM USA in Brazil. Intermediary 1 was, alone and together with others, the owner of several Brazil-based oil and gas services intermediary companies, and British Virgin Islands-based shell companies.

Foreign Government Instrumentalities and Related Entities

7. Petróleo Brasileiro S.A. (“Petrobras”) was a corporation in the petroleum industry headquartered in Rio de Janeiro, Brazil, and operated to refine, produce and distribute oil, oil products, gas, biofuels and energy. The Brazilian government directly owned a majority of Petrobras’s common shares with voting rights, while additional shares were controlled by the Brazilian Development Bank and Brazil’s Sovereign Wealth Fund. Petrobras was controlled by the Brazilian government and performed a function that the Brazilian government treated as its own, and thus was an “instrumentality” of the government as that term is used in the FCPA.

Overview of the Bribery Scheme

8. Beginning by at least in or around 1996 and continuing until in or around 2012, SBM USA and its co-conspirators, including SBM, Executive 1, Mace, and Zubiate, knowingly and willfully conspired with each other and others known and unknown, to cause SBM to make corrupt “commission” payments to sales intermediaries and others, knowing that a portion of those “commission” payments would be used to bribe foreign officials in Brazil and elsewhere to influence those foreign officials for the purpose of securing improper advantages and obtaining and retaining business with Petrobras and other state-owned oil companies.

9. SBM USA and SBM executed the bribery scheme by and through Executive 1, Mace, and certain of SBM USA's and SBM's sales and marketing executives and employees, including Zubiarte. While SBM maintained a sales and marketing team based out of its offices in Monaco, that team was, at times, supported by SBM USA's Houston, Texas-based sales and marketing staff. For example, SBM's sales and marketing efforts in Brazil were supported by, among others, Zubiarte.

10. From at least in or around 1996 through in or around 2012, SBM USA and SBM knowingly paid bribes through Intermediary 1, and Intermediary 1's companies, to officials within the Brazilian government for the purpose of securing an improper advantage and assisting SBM USA and SBM in their business with Petrobras. SBM USA and SBM, through Intermediary 1, and Intermediary 1's companies, paid bribes to at least three Petrobras officials.

11. SBM USA and SBM retained Intermediary 1 as its sales agent in Brazil and agreed to pay Intermediary 1 "commissions" on projects that Petrobras successfully awarded SBM. SBM paid Intermediary 1 out of several of its bank accounts, including at least one in the United States. SBM knew that Intermediary 1 would use part of these "commissions" as bribes to Petrobras officials. At Intermediary 1's request, SBM typically split its "commission" payments to Intermediary 1 into two accounts, transferring one portion to bank

accounts in Brazil held in the name of Intermediary 1's oil and gas services companies, and another, larger, portion of its "commission" to bank accounts in Switzerland held in the names of Intermediary 1's shell companies. Intermediary 1 then wired a portion of the Swiss-based funds to bank accounts under the control of Petrobras officials as bribes.

12. For example, on or about January 18, 2007, in connection with an SBM Imodco project, Zubiarte submitted a memorandum to Executive 1 requesting that Executive 1 authorize a "commission" payment of approximately \$668,134, \$601,321 of which was earmarked for a bank account in Switzerland, held in the name of one of Intermediary 1's shell companies, and controlled by Intermediary

1. On or about January 23, 2007, Executive 1 authorized this payment.

13. On or about February 15, 2007, SBM wired \$601,321 to a bank account in Switzerland held in the name of one of Intermediary 1's shell companies and controlled by Intermediary 1.

14. On or about March 9, 2007, Intermediary 1 wired a bribe of approximately \$507,480 of the \$601,321 payment to a bank account in Switzerland under the control of a Petrobras official.

15. In addition, on or about November 24, 2008, SBM wired \$1,756,650 to Intermediary 1's bank account in Brazil. The same day, November 24, 2008, SBM wired \$3,513,300 to a bank account in Switzerland held in the name of one

of Intermediary 1's shell companies and controlled by Intermediary 1, believing that Intermediary 1 would transfer a portion of such payment to Petrobras officials as a bribe payment. Intermediary 1 then transferred a portion of this money to a bank account in Switzerland under the control of a Petrobras official as a bribe.

16. SBM USA understood that the purpose of splitting payments to Intermediary 1 was to facilitate the payment of bribes. For example, in or about February 2007, Executive 1, an SBM executive, and Intermediary 1 met to try to reduce Intermediary 1's commission below 3% on a project in Brazil with Petrobras. In response, Intermediary 1 explained that Intermediary 1 had already promised 2% to Petrobras officials, and so needed the full 3%. Executive 1 and the other SBM executive then agreed to keep Intermediary 1's commission at 3% for the project, and signed an agency agreement reflecting this arrangement.

17. Intermediary 1 continued paying bribes until 2012. For example, on or about January 19, 2012, Intermediary 1 wired \$156,000 from a bank account held in the name of one of Intermediary 1's shell companies and under Intermediary 1's control in Switzerland to a bank account in Switzerland under the control of a Petrobras official.

18. SBM USA and SBM also obtained confidential information from Petrobras officials through Intermediary 1 in its efforts to obtain or retain business.

19. For example, on or about February 26, 2005, Intermediary 1 passed along confidential Petrobras information to Zubiarte. Thereafter, Zubiarte forwarded the confidential information by email to others including Executive 1 and Mace, stating “[Intermediary 1] has requested that this information be kept confidential.”

20. In addition, executives and employees at SBM used personal email accounts to receive this confidential information. For example, on or about June 11, 2009, Intermediary 1 emailed an SBM executive to a personal email account with information from a Petrobras board meeting, stating, “This is very confidential information at this stage and has very serious implications if anything about that leaks . . . I hope you can pass to the management the result of this action” At times the executives and employees deleted the confidential information after reviewing it.

21. In connection with SBM USA’s and SBM’s bribery scheme, SBM USA obtained or benefitted from at least \$13,200,000 in proceeds from one or more projects with Petrobras.

Forfeiture

22. SBM USA stipulates and agrees that the factual basis for its guilty plea supports the forfeiture of at least \$13,200,000 against it, and SBM USA

agrees to the imposition of a money judgment for that amount against SBM USA and in favor of the United States of America.

23. SBM USA acknowledges that the more than \$13,200,000 in actual proceeds have been dissipated or have been commingled with other property which cannot be divided without difficulty, such that the actual proceeds are no longer readily identifiable and available. Defendant therefore stipulates and admits that one or more of the conditions set forth in Title 21, United States Code, Section 853(p), exists. Defendant agrees to forfeit any of its property, or its interest in property, up to the value of any unpaid portion of the money judgment, until the money judgment is fully satisfied.

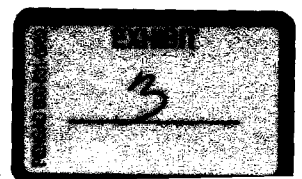
24. Defendant consents to the order imposing money judgment becoming final as to Defendant immediately following its guilty plea, pursuant to Federal Rule of Criminal Procedure 32.2(b)(4)(A).

Exhibit 3

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, compliance code, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, SBM Offshore USA, Inc. (the "Company") agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, the Company agrees to modify its compliance program, including internal controls, compliance policies, and procedures in order to ensure that it maintains: (a) an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that incorporates relevant internal accounting controls, as well as policies and procedures designed to effectively detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Company's existing internal controls, compliance code, policies, and procedures:



High-Level Commitment

1. The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its compliance code.

Policies and Procedures

2. The Company will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA and other applicable foreign law counterparts (collectively, the “anti-corruption laws,”), which policy shall be memorialized in a written compliance code.

3. The Company will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Company’s compliance code, and the Company will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Company. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia,

and joint venture partners (collectively, “agents and business partners”). The Company shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of the company. Such policies and procedures shall address:

- a. gifts;
- b. hospitality, entertainment, and expenses;
- c. customer travel;
- d. political contributions;
- e. charitable donations and sponsorships;
- f. facilitation payments; and
- g. solicitation and extortion.

4. The Company will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

- a. transactions are executed in accordance with management’s general or specific authorization;
- b. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or

any other criteria applicable to such statements, and to maintain accountability for assets;

c. access to assets is permitted only in accordance with management's general or specific authorization; and

d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Periodic Risk-Based Review

5. The Company will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of the Company, in particular the foreign bribery risks facing the Company, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the Company's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. The Company shall review its anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure

their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Proper Oversight and Independence

7. The Company will assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company's anti-corruption compliance code, policies, and procedures. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, the Company's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Training and Guidance

8. The Company will implement mechanisms designed to ensure that its anti-corruption compliance code, policies, and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the

Company, and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

9. The Company will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Company's anti-corruption compliance code, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Company operates.

Internal Reporting and Investigation

10. The Company will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or the Company's anti-corruption compliance code, policies, and procedures.

11. The Company will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Company's anti-corruption compliance code, policies, and procedures.

Enforcement and Discipline

12. The Company will implement mechanisms designed to effectively enforce its compliance code, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

13. The Company will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Company's anti-corruption compliance code, policies, and procedures by the Company's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Company shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance code, policies, and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Relationships

14. The Company will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

- a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;
- b. informing agents and business partners of the Company's commitment to abiding by anti-corruption laws, and of the Company's anti-corruption compliance code, policies, and procedures; and
- c. seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, the Company will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, the Company's compliance code, policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

16. The Company will develop and implement policies and procedures for mergers and acquisitions requiring that the Company conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

17. The Company will ensure that the Company's compliance code, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Company and will promptly:

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and the Company's compliance code, policies, and procedures regarding anti-corruption laws; and

b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

Monitoring and Testing

18. The Company will conduct periodic reviews and testing of its anti-corruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-

corruption laws and the Company's anti-corruption code, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.