

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)	
)	
v.)	Case No. 1:19-CR-328
)	
SAMSUNG HEAVY INDUSTRIES CO. LTD.)	Hon. T.S. Ellis III
)	
Defendant)	
)	

DEFERRED PROSECUTION AGREEMENT

Defendant Samsung Heavy Industries Company Limited (the “Company”), pursuant to authority granted by the Company’s Board of Directors reflected in Attachment B; and the United States Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”) and the United States Attorney’s Office for the Eastern District of Virginia (the “Office”), enter into this deferred prosecution agreement (the “Agreement”).

Criminal Information and Acceptance of Responsibility

1. The Company acknowledges and agrees that the Fraud Section and the Office will file the attached one-count criminal Information in the United States District Court for the Eastern District of Virginia charging the Company with conspiracy to commit an offense against the United States, in violation of 18 U.S.C. § 371. In so doing, the Company: (a) knowingly waives its right to indictment on this charge, as well as all 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) knowingly waives any objection with respect to venue to any charges by the United States arising out of the conduct described in the Statement of Facts attached hereto as Attachment A (“Statement of Facts”) and consents to the

filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Eastern District of Virginia. The Fraud Section and the Office agree to defer prosecution of the Company pursuant to the terms and conditions described below.

2. The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as charged in the Information, and as set forth in the attached Statement of Facts, and that the allegations described in the Information and the facts described in the attached Statement of Facts are true and accurate. Should the Fraud Section and the Office pursue the prosecution that is deferred by this Agreement, the Company stipulates to the admissibility of the attached Statement of Facts in any proceeding involving the Fraud Section or the Office, including any trial, guilty plea, or sentencing proceeding, and will not contradict anything in the attached Statement of Facts at any such proceeding.

Term of the Agreement

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three years from that date (the "Term"). The Company agrees, however, that, in the event the Fraud Section and the Office determine, in their sole discretion, that the Company has knowingly violated any provision of this Agreement or has failed to perform completely or fulfill each of the Company's obligations under this Agreement, an extension or extensions of the Term may be imposed by the Fraud Section and the Office, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Fraud Section's and the Office's right to proceed as provided in Paragraphs 14 through 18 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the reporting requirement in Attachment D, for an equivalent period. Conversely, in the event the

Fraud Section and the Office find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the reporting requirement in Attachment D, and that the other provisions of this Agreement have been satisfied, the Agreement may be terminated early. If the Court rejects the Agreement, all the provisions of the Agreement shall be deemed null and void, and the Term shall be deemed to have not begun.

Relevant Considerations

4. The Fraud Section and the Office enter into this Agreement based on the individual facts and circumstances presented by this case and the Company, including:

a. the Company did not receive voluntary disclosure credit because it did not voluntarily and timely disclose to the Fraud Section and the Office the conduct described in the Statement of Facts;

b. the Company would have received full credit for its cooperation with the Fraud Section's and the Office's investigation, including: (i) conducting a thorough internal investigation; (ii) making regular factual presentations to the Fraud Section; (iii) voluntarily making foreign-based employees available for interviews in the United States; and (iv) producing relevant documents to the Fraud Section and the Office from foreign countries accompanied by translations of key documents; but the Company did not receive full credit for its cooperation due to its failure to meet reasonable deadlines imposed by the Fraud Section and the Office and delays it caused in reaching a resolution;

c. the Company provided to the Fraud Section and the Office all relevant facts known to it, including information about the individuals involved in the conduct

described in the attached Statement of Facts and conduct disclosed to the Fraud Section and the Office prior to the Agreement;

d. the Company engaged in significant remedial measures, including: (i) making significant enhancements to the Company's compliance program, including hiring additional compliance staff, implementing enhanced anti-corruption policies and improved whistleblower policies and procedures, and instituting mandatory anti-corruption training for all employees; and (ii) the enactment of controls, including the implementation of heightened due diligence controls over third party vendors, including review by compliance professionals;

e. the Company has enhanced and has committed to continuing to enhance its compliance program and internal controls, including ensuring that its compliance program satisfies the minimum elements set forth in Attachment C to this Agreement (Corporate Compliance Program);

f. based on the Company's remediation and the state of its compliance program, and the Company's agreement to report to the Fraud Section and the Office as set forth in Attachment D to this Agreement (Corporate Compliance Reporting), the Fraud Section and the Office determined that an independent compliance monitor was unnecessary in this case;

g. the nature and seriousness of the offense conduct, including the involvement of the Company in a multi-year scheme to pay millions of dollars to officials of Petróleo Brasileiro S.A. – Petrobras ("Petrobras"), the state-controlled oil company of Brazil;

h. the Company has no prior criminal history; and

i. the Company has agreed to continue to cooperate with the Fraud Section and the Office in any ongoing investigation as described in Paragraph 5 below.

j. Accordingly, after considering (a) through (i) above, the Fraud Section and the Office believe that the appropriate resolution in this case is a deferred prosecution agreement with the Company; an aggregate discount of 20 percent off of the bottom of the otherwise-applicable U.S. Sentencing Guidelines fine range; and the Company's agreement to report to the Fraud Section and the Office as set forth in Attachment D to this Agreement.

Future Cooperation and Disclosure Requirements

5. The Company shall cooperate fully with the Fraud Section and the Office in any and all matters relating to the conduct described in this Agreement and the attached Statement of Facts and other conduct under investigation by the Fraud Section and the Office at any time during the Term 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 specified in paragraph 3. At the request of the Fraud Section and the Office, the Company 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 Company, or its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and the attached Statement of Facts and other conduct under investigation by the Fraud Section and the Office at any time during the Term. The Company's cooperation pursuant to this Paragraph is subject to applicable law and regulations, as well as valid claims of attorney-client privilege or attorney work product doctrine; however, the Company must provide to the Fraud Section and

the Office a log of any information or cooperation that is not provided based on an assertion of law, regulation, or privilege, and the Company bears the burden of establishing the validity of any such an assertion. The Company agrees that its cooperation pursuant to this paragraph shall include, but not be limited to, the following:

a. The Company shall truthfully disclose all factual information with respect to its activities, those of its present and former subsidiaries 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 Company has any knowledge or about which the Fraud Section and the Office may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Fraud Section and the Office, upon request, any document, record or other tangible evidence about which the Fraud Section and the Office may inquire of the Company.

b. Upon request of the Fraud Section and the Office, the Company shall designate knowledgeable employees, agents or attorneys to provide to the Fraud Section and the Office the information and materials described in Paragraph 5(a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. The Company shall use its best efforts to make available for interviews or testimony, as requested by the Fraud Section and the Office, present or former officers, directors, employees, agents and consultants of the Company. 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 Company, 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 Fraud Section and the Office pursuant to this Agreement, the Company consents to any and all disclosures to other governmental authorities, including United States authorities and those of a foreign government, as well as the MDBs, of such materials as the Fraud Section and the Office, in their sole discretion, shall deem appropriate.

6. In addition to the obligations in Paragraph 5, during the Term, should the Company learn of any evidence or allegation of conduct that may constitute a violation of the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. §§ 78dd-1 *et seq.*, had the conduct occurred within the jurisdiction of the United States, the Company shall promptly report such evidence or allegation to the Fraud Section and the Office.

Payment of Monetary Penalty

7. The Fraud Section and the Office and the Company agree that application of the United States Sentencing Guidelines (“USSG” or “Sentencing Guidelines”) to determine the applicable fine range yields the following analysis:

- a. The 2018 Sentencing Guidelines are applicable to this matter.
- b. Offense Level. Based upon USSG § 2C1.1, the total offense level is 36,

calculated as follows:

(a)(2)	Base Offense Level	12
(b)(1)	Multiple Bribes	+2

(b)(2)	Value of benefit received more than \$25,000,000	+22
TOTAL		<u>36</u>

c. Base Fine.¹ Based upon USSG § 8C2.4(a)(1), the base fine is \$58,970,000.

d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 8, calculated as follows:

(a)	Base Culpability Score	5
(b)(1)	the organization had 5,000 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was willfully ignorant of the offense	+5
(g)(2)	The organization fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	-2
TOTAL		<u>8</u>

e. Calculation of Fine Range:

Base Fine	\$58,970,000
Multipliers	1.6 (min) / 3.2 (max)
Fine Range	\$94,352,000 / \$188,704,000

The Company and the Fraud Section and the Office agree, based on the application of the United States Sentencing Guidelines, that the appropriate total criminal penalty is \$75,481,600 (“Total Criminal Penalty”). This reflects a 20 percent discount off the bottom of the applicable United States Sentencing Guidelines fine range for the Company’s remediation and cooperation. The

¹ Because the conduct predates 2015, the 2014 Sentencing Guidelines have been used for calculation of the fine. See USSG § 8C2.4(e)(1) (2015).

Company and the Fraud Section and the Office further agree that the Company will pay the United States \$37,740,800, equal to 50 percent of the Total Criminal Penalty. The Company agrees to pay \$37,740,800 to the United States Treasury no later than ten business days after the Agreement is fully executed. The Fraud Section and the Office agree to credit the remaining amount of the Total Criminal Penalty against the amount the Company pays to Brazil, up to 50 percent of the Total Criminal Penalty, equal to \$37,740,800, so long as the Company pays the remaining amount to Brazil pursuant to the Company's separate resolution with Brazilian authorities that addresses the same underlying conduct. In the event that the Company does not pay Brazil any part of the \$37,740,800 within 12 months after the Agreement is fully executed, the Company will be required to pay the full remaining amount to the United States Treasury on or before November 25, 2020. The Company and the Fraud Section and the Office agree that this penalty is appropriate given the facts and circumstances of this case, including the factors described in Paragraph 4(a) through 4(i). The Total Criminal Penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Fraud Section and the Office that the Total Criminal Penalty is the maximum criminal monetary penalty that may be imposed in any future prosecution, and the Fraud Section and the Office are not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Fraud Section and the Office agree that under those circumstances, they will recommend to the Court that any amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment. The Company acknowledges that no tax deduction may be sought in connection with the payment of any part of the Total Criminal Penalty. The Company shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the Total Criminal Penalty or disgorgement

amounts that the Company pays pursuant to this Agreement or any other agreement entered into with an enforcement authority or regulator concerning the facts set forth in the attached Statement of Facts.

Conditional Release from Liability

8. Subject to Paragraphs 14 through 18, the Fraud Section and the Office agree, except as provided in this Agreement, that they will not bring any criminal or civil case against the Company relating to any of the conduct described in the attached Statement of Facts or the criminal information filed pursuant to this Agreement. The Fraud Section and the Office, however, may use any information related to the conduct described in the attached Statement of Facts against the Company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

a. This Agreement does not provide any protection against prosecution for any future conduct by the Company.

b. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company.

Corporate Compliance Program

9. The Company represents that it has implemented and will 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 those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities

include interacting with foreign officials or other activities carrying a high risk of corruption, including, but not limited to, the minimum elements set forth in Attachment C.

10. In order to address any deficiencies in its internal accounting controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal accounting controls, policies, and procedures regarding compliance with the FCPA and other applicable anticorruption laws. Where necessary and appropriate, the Company agrees to adopt a new compliance program, or to modify its existing one, 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 anticorruption 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 anticorruption laws. The compliance program, including the internal accounting controls system will include, but not be limited to, the minimum elements set forth in Attachment C.

Corporate Compliance Reporting

11. The Company agrees that it will report to the Fraud Section and the Office annually during the Term regarding remediation and implementation of the compliance measures described in Attachment C. These reports will be prepared in accordance with Attachment D.

Deferred Prosecution

12. In consideration of the undertakings agreed to by the Company herein, the Fraud Section and the Office agree that any prosecution of the Company for the conduct set forth in the attached Statement of Facts be and hereby is deferred for the Term. To the extent there is

conduct disclosed by the Company that is not set forth in the attached Statement of Facts, such conduct will not be exempt from further prosecution and is not within the scope of or relevant to this Agreement.

13. The Fraud Section and the Office further agree that if the Company fully complies with all of its obligations under this Agreement, the Fraud Section and the Office will not continue the criminal prosecution against the Company described in Paragraph 1 and, at the conclusion of the Term, this Agreement shall expire. Within six months after the Agreement's expiration, the Fraud Section and the Office shall seek dismissal with prejudice of the criminal Information filed against the Company described in Paragraph 1, and agree not to file charges in the future against the Company based on the conduct described in this Agreement and the attached Statement of Facts.

Breach of the Agreement

14. If, during the Term, the Company (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its disclosure of information about individual culpability; (c) fails to cooperate as set forth in Paragraphs 5 and 6 of this Agreement; (d) fails to implement a compliance program as set forth in Paragraphs 9 and 10 of this Agreement and Attachment C; (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 to completely perform or fulfill each of the Company's obligations under the Agreement, regardless of whether the Fraud Section and the Office become aware of such a breach after the Term is complete, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Fraud Section and the Office have knowledge, including, but not limited to, the charges in the

Information described in Paragraph 1, which may be pursued by the Fraud Section and the Office in the U.S. District Court for the Eastern District of Virginia or any other appropriate venue. Determination of whether the Company has breached the Agreement and whether to pursue prosecution of the Company shall be in the Fraud Section's and the Office's sole discretion. Any such prosecution may be premised on information provided by the Company or its personnel. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Fraud Section and the Office 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 Company, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company 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 plus one year. In addition, the Company agrees that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Fraud Section and the Office is 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.

15. In the event the Fraud Section and the Office determine that the Company has breached this Agreement, the Fraud Section and the Office agree to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty days of receipt of such notice, the Company shall have the opportunity to respond to the Fraud Section and the Office in writing to explain the nature and circumstances of such

breach, as well as the actions the Company has taken to address and remediate the situation, which explanation the Fraud Section and the Office shall consider in determining whether to pursue prosecution of the Company.

16. In the event that the Fraud Section and the Office determine that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to the Fraud Section and the Office or to the Court, including the attached Statement of Facts, and any testimony given by the Company 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 Fraud Section and the Office against the Company; and (b) the Company 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 Company 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 Company, will be imputed to the Company for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Fraud Section and the Office.

17. The Company acknowledges that the Fraud Section and the Office have made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company breaches this Agreement and this matter proceeds to judgment. The Company 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.

18. On the date that the period of deferred prosecution specified in this Agreement expires, the Company, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, will certify to the Fraud Section and the Office that the Company has met its disclosure obligations pursuant to Paragraph 6 of this Agreement. Each certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. §§ 1001 and 1519, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

Sale, Merger, or Other Change in Corporate Form of Company

19. Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the Term, it undertakes any change in corporate form, including if it sells, merges, or transfers business operations that are material to the Company's consolidated operations, or to the operations of any subsidiaries or affiliates involved in the conduct described in the attached Statement of Facts, 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 Fraud Section's and the Office's ability to breach under this Agreement is applicable in full force to that entity. The Company agrees that the failure to include these provisions in the transaction will make any such transaction null and void. The Company shall provide notice to the Fraud Section and the Office at least thirty days prior to undertaking any such sale, merger, transfer, or other change in corporate form. The Fraud Section and the Office shall notify the Company prior to such transaction (or series of transactions) if it determines that

the transaction(s) will have the effect of circumventing or frustrating the enforcement purposes of this Agreement. At any time during the Term the Company engages in a transaction(s) that has the effect of circumventing or frustrating the enforcement purposes of this Agreement, the Fraud Section and the Office may deem it a breach of this Agreement pursuant to Paragraphs 14 through 18 of this Agreement. Nothing herein shall restrict the Company 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 Fraud Section and the Office.

Public Statements by Company

20. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement, and the Company thereafter shall be subject to prosecution as set forth in Paragraphs 14 through 18 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the attached Statement of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Fraud Section and the Office. If the Fraud Section and the Office determine that a public statement by any such person contradicts in whole or in part a statement contained in the attached Statement of Facts, the Fraud Section and the Office shall so notify the Company, and the Company may avoid a breach of this Agreement by

publicly repudiating such statement(s) within five business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the attached Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the attached Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company.

21. The Company agrees that if it, any of its direct or indirect subsidiaries or affiliates the Company majority-owns or otherwise controls issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult with the Fraud Section and the Office 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 Fraud Section and the Office and the Company; and (b) whether the Fraud Section and the Office have any objection to the release.

22. The Fraud Section and the Office agree, if requested to do so, to bring to the attention of law enforcement and regulatory authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's cooperation and remediation. By agreeing to provide this information to such authorities, the Fraud Section and the Office are not agreeing to advocate on behalf of the Company, but rather are agreeing to provide facts to be evaluated independently by such authorities.

Limitations on Binding Effect of Agreement

23. This Agreement is binding on the Company and the Fraud Section and the Office but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Fraud Section and the Office will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

Notice

24. Any notice to the Fraud Section and the Office under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Washington, DC 20530 and Chief, Criminal Division, United States Attorney's Office for the Eastern District of Virginia, 2100 Jamieson Avenue, Alexandria, VA 22314. Any notice to the Company under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Marcus Asner, Arnold & Porter Kaye Scholer LLP, 250 West 55th Street, New York, NY 10019-9710. Notice shall be effective upon actual receipt by the Fraud Section or the Company.

Complete Agreement

25. This Agreement, including its attachments, sets forth all the terms of the agreement between the Company and the Fraud Section and the Office. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Fraud Section and the Office, the attorneys for the Company and a duly authorized representative of the Company.

AGREED:

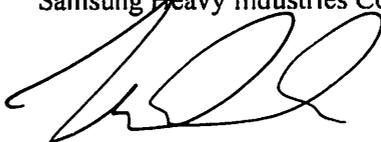
FOR SAMSUNG HEAVY INDUSTRIES CO. LTD.:

Date: 11/22/19



Hyun-Dong Lee
Samsung Heavy Industries Company Ltd.

Date: 11/22/19



Marcus A. Asner
Soo-Mi Rhee
Arnold & Porter Kaye Scholer LLP

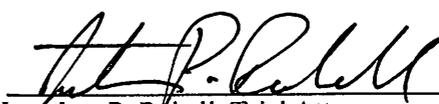
FOR THE DEPARTMENT OF JUSTICE:

G. ZACHARY TERWILLIGER
United States Attorney
Eastern District of Virginia

ROBERT A. ZINK
Chief, Fraud Section
Criminal Division
United States Department of Justice



Uzo Asonye, Assistant U.S. Attorney



Jonathan P. Robell, Trial Attorney
Andrew Gentin, Acting Assistant Chief
Brian R. Young, Deputy Chief

Date: 11/22/19

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for Samsung Heavy Industries Company Limited (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have advised and caused outside counsel for the Company to advise the Board of Directors fully of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am the General Counsel for the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: 11/22/19

SAMSUNG HEAVY INDUSTRIES CO. LTD.



Hyun-Dong Lee
General Counsel

CERTIFICATE OF COUNSEL

I am counsel for Samsung Heavy Industries Company Ltd. (the “Company”) in the matter covered by this Agreement. In connection with such representation, I have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the General Counsel of the Company. I have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines’ provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: 11/22/19



Marcus A. Asner
Soo-Mi Rhee
Arnold & Porter Kaye Scholer LLP
Counsel for Samsung Heavy Industries Co. Ltd.

ATTACHMENT A

STATEMENT OF FACTS

1. The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the “Agreement”) between the United States Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”), the United States Attorney’s Office for the Eastern District of Virginia (the “Office”) and Samsung Heavy Industries Company Limited (“Samsung Heavy Industries,” the “Company,” or “SHI”). Certain of the facts herein are based on information obtained from third parties by the Fraud Section and the Office through their investigation and described to Samsung Heavy Industries. Samsung Heavy Industries hereby agrees and stipulates that the following information is true and accurate. Samsung Heavy Industries admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Should the Fraud Section and the Office pursue the prosecution that is deferred by this Agreement, Samsung Heavy Industries agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. The following facts establish beyond a reasonable doubt the charges set forth in the criminal Information attached to this Agreement:

Relevant Entities and Individuals

2. Samsung Heavy Industries was an engineering company headquartered in the Republic of Korea (“South Korea”) that provided shipbuilding, offshore platform construction, and other construction and engineering services. Samsung Heavy Industries maintained offices in several countries around the world, including a branch office in Houston, Texas. Samsung Heavy Industries was a “person” as that term is used in the Foreign Corrupt Practices Act (“FCPA”), Title 15, United States Code, Section 78dd-3(f)(1).

3. “SHI Senior Manager 1,” a South Korean citizen whose identity is known to the Fraud Section and the Office and to the Company, was the manager of the Samsung Heavy Industries office in Houston. SHI Senior Manager 1 was a “person” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-3(f)(1).

4. “SHI Senior Manager 2,” a South Korean citizen whose identity is known to the Fraud Section and the Office and to the Company, was a senior manager of Samsung Heavy Industries who was based in Seoul, South Korea. SHI Senior Manager 1 reported to SHI Senior Manager 2 during SHI Senior Manager 1’s tenure as manager of Samsung Heavy Industries’ Houston office.

5. “Chartering Company” was an offshore oil drilling company headquartered in Houston, Texas which provided contract drilling and related services to oil and gas companies.

6. Petróleo Brasileiro S.A. – Petrobras (“Petrobras”) was a Brazilian state-controlled oil company. Petrobras was headquartered in Rio de Janeiro, Brazil, and operated to produce, refine, and distribute oil, oil products, gas, biofuels, and energy. During the relevant time period, the Brazilian government directly owned approximately 50.3 percent of Petrobras’s common shares with voting rights, while an additional ten percent of Petrobras’s shares were controlled by the Brazilian Development Bank and Brazil’s Sovereign Wealth Fund. Petrobras was an “agency” and “instrumentality” of a foreign government, as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-3(f)(2)(A). Petrobras officers and employees were “foreign officials” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-3(f)(2)(A).

7. “Brazilian Official 1,” a Brazilian citizen whose identity is known to the Fraud Section and the Office and to the Company, was an executive of Petrobras. Brazilian Official 1

was a “foreign official” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-3(f)(2).

8. “Brazilian Official 2,” a Brazilian citizen whose identity is known to the Fraud Section and the Office and to the Company, was executive senior manager of Petrobras.

Brazilian Official 1 was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(f)(2).

9. “Brazilian Agent 1,” a Brazilian citizen whose identity is known to the Fraud Section and the Office and to the Company, was a consultant offering intermediary and advisory services to entities seeking business with Petrobras.

10. “Brazilian Agent 2,” a Brazilian citizen whose identity is known to the Fraud Section and the Office and to the Company, was an intermediary for bribe payments made to Brazilian Official 1 and Brazilian Official 2.

11. “Intermediary Company 1,” the identity of which is known to the Fraud Section and the Office and to the Company, was a British Virgin Islands company controlled by Brazilian Agent 1 that was used for the purpose of receiving payments from Samsung Heavy Industries and making and concealing bribe payments to Petrobras officials on behalf of Samsung Heavy Industries and others.

12. “Intermediary Company 2,” the identity of which is known to the Fraud Section and the Office and to the Company, was a British Virgin Islands company controlled by Brazilian Agent 2 that was used for the purpose of receiving payments from Samsung Heavy Industries and making and concealing bribe payments to Petrobras officials on behalf of Samsung Heavy Industries and others.

Overview of the Bribery Scheme

13. Beginning in or about 2007 and continuing until in or about 2013, Samsung Heavy Industries knowingly and willfully conspired and agreed with others to corruptly provide payments to, and for the benefit of, foreign officials to secure an improper advantage and to influence those foreign officials in order to obtain and retain business with Petrobras, to wit: the sale of an offshore oil drillship to Chartering Company which would then be chartered to Petrobras.

The Option Drillship Agreement

14. In or around 2006, Samsung Heavy Industries and Chartering Company began discussing potential projects in Brazil, including potential deals in which Samsung Heavy Industries would construct one or more oil drillships for Chartering Company, which Chartering Company would then charter to Petrobras.

15. In or about June 2007, Samsung Heavy Industries entered into an option agreement with Chartering Company, which gave Chartering Company the right but not the obligation to purchase a newly constructed offshore oil drillship from Samsung Heavy Industries (the "Option Drillship") with the same specifications as another oil drillship purchased in the recent past by Chartering Company from Samsung Heavy Industries. Negotiations between Samsung Heavy Industries and Chartering Company were handled primarily by SHI Senior Manager 1 from Samsung Heavy Industries' office in Houston, Texas.

16. Samsung Heavy Industries understood that Chartering Company would only exercise its option to purchase the Option Drillship if Chartering Company secured a contract with Petrobras to charter the Option Drillship to Petrobras. Thus, Samsung Heavy Industries and

Chartering Company were both incentivized for Chartering Company to secure a contract with Petrobras.

Samsung Heavy Industries' Hiring of Brazilian Agent 1

17. Samsung Heavy Industries engaged Brazilian Agent 1, in part, to make payments to Petrobras officials in order to increase the chance that Petrobras would charter the Option Drillship from Chartering Company, and thus increase the chance that Chartering Company would purchase the Option Drillship from Samsung Heavy Industries.

18. SHI Senior Manager 1 met with Brazilian Agent 1 in Rio de Janeiro, Brazil in or around June 2007 to discuss Samsung Heavy Industries' potential engagement of Brazilian Agent 1 as its agent for the Option Drillship deal with Chartering Company.

19. During another trip to Rio de Janeiro, Brazil, in or around June 2007, SHI Senior Manager 1 also had individual meetings with Brazilian Official 1 and Brazilian Official 2 to discuss the possibility that Petrobras would employ the Option Drillship built by Samsung Heavy Industries for Petrobras's expected chartering deal with Chartering Company.

20. After SHI Senior Manager 1's trips to Brazil in or around June 2007, SHI Senior Manager 1 conferred with SHI Senior Manager 2, who agreed that Samsung Heavy Industries would retain Brazilian Agent 1 as its agent, and Samsung Heavy Industries informally agreed to pay Brazilian Agent 1 \$20 million to serve as Samsung Heavy Industries' agent on the Option Drillship deal with Chartering Company, contingent on consummation of the deal. In connection with the deal, Brazilian Agent 1 engaged Brazilian Agent 2 to assist with corrupt payments to the Petrobras officials and to split the \$20 million payment with Brazilian Agent 2.

21. Samsung Heavy Industries increased the price it charged Chartering Company for the Option Drillship by \$20 million to offset the \$20 million it agreed to pay Brazilian Agent 1.

22. On or about October 18, 2007, Samsung Heavy Industries formalized its agreement to pay Brazilian Agent 1 \$20 million by executing a commission agreement with Intermediary Company 1 and Intermediary Company 2, which called for a total of \$20 million in commission payments to be split evenly between Intermediary Company 1 and Intermediary Company 2. Under the terms of the commission agreement, Samsung Heavy Industries agreed to pay Intermediary Company 1 and Intermediary Company 2 in installments based on Samsung Heavy Industries' scheduled receipt of milestone payments from Chartering Company during construction of the Option Drillship.

Samsung Heavy Industries' Knowledge of Bribes Paid to Brazilian Officials

23. Prior to executing the agreement with Intermediary Company 1 and Intermediary Company 2, and prior to making the \$20 million in payments pursuant to the agreement, SHI Senior Manager 1 and others became aware that Brazilian Agent 1 would use a portion of the money received from Samsung Heavy Industries to pay bribes to Petrobras officials in association with the chartering of the Option Drillship.

24. In or around December 2007, SHI Senior Manager 1 spoke to Brazilian Agent 1 by telephone from SHI Senior Manager 1's office in Houston. SHI Senior Manager 1 asked Brazilian Agent 1 what Brazilian Agent 1 planned to do with the \$20 million in commission payments Samsung Heavy Industries had agreed to pay to Intermediary Company 1 and Intermediary Company 2 in connection with the Option Drillship. Brazilian Agent 1 told SHI Senior Manager 1 that portions of the \$20 million commission would be paid as bribes to two

Petrobras officials, and it was SHI Senior Manager 1's understanding that Brazilian Official 1 and Brazilian Official 2 would be the bribe recipients.

25. On or about December 14, 2007, SHI Senior Manager 1 wrote an email to several South Korea-based Samsung Heavy Industries employees, including SHI Senior Manager 2, from SHI Senior Manager 1's office in Houston. In the email, SHI Senior Manager 1 recounted a call the Houston office had received from a Petrobras employee acting at the direction of Brazilian Official 1. In the email, SHI Senior Manager 1 wrote that Petrobras expected to approve a chartering agreement with Chartering Company at an upcoming meeting of Petrobras division directors. SHI Senior Manager 1 also wrote that, regarding the "commission fee" Samsung Heavy Industries would pay on the Option Drillship, two Petrobras officials would "consult and divide among themselves within the amounts promised by SHI, but are to take care of this matter after [Board of Directors] approval." SHI Senior Manager 1 understood when he wrote the December 14, 2007 email that the two Petrobras directors were Brazilian Official 1 and Brazilian Official 2.

Contract Execution and Samsung Heavy Industries' Payments to the Intermediary Companies

26. On or about December 18, 2007, Petrobras and Chartering Company executed a "Heads of Agreement" document setting forth the main terms under which Petrobras planned to enter into a chartering contract with Chartering Company. The Heads of Agreement document stated that Chartering Company would employ the Option Drillship for the chartering contract. On or about December 21, 2007, Samsung Heavy Industries executed a contract with Chartering Company, under which Chartering Company agreed to purchase the Option Drillship from Samsung Heavy Industries for \$636,040,000. SHI Senior Manager 1 signed the contract and a subsequent amendment on Samsung Heavy Industries' behalf. The contract was amended by

Samsung Heavy Industries and Chartering Company on or about January 18, 2008 to state, among other things, that Chartering Company's purchase of the Option Drillship was contingent on Petrobras's final agreement to charter to the ship from Chartering Company. Also on or about January 18, 2008, Brazilian Official 1 signed the chartering contract on behalf of Petrobras. The chartering contract specified that Chartering Company would use the Option Drillship to fulfill the chartering contract.

27. Samsung Heavy Industries received commission invoices from Intermediary Company 1 and Intermediary Company 2 on or about February 15, 2008 and February 18, 2008, respectively. The invoices called for Samsung Heavy Industries to pay \$4 million to each Intermediary Company. On or about March 13, 2008, Samsung Heavy Industries wired \$4 million to each Intermediary Company, via correspondent banks in the United States.

28. Samsung Heavy Industries received additional commission invoices from Intermediary Company 1 and Intermediary Company 2 on or about September 29, 2008 and October 13, 2008, respectively. The invoices called for Samsung Heavy Industries to pay \$3 million to each Intermediary Company. On or about October 24, 2008, Samsung Heavy Industries wired \$3 million to each Intermediary Company, via correspondent banks in the United States.

29. Samsung Heavy Industries received the final commission invoices from Intermediary Company 1 and Intermediary Company 2 on or about February 7, 2011 and February 23, 2011, respectively. The invoices called for Samsung Heavy Industries to pay \$3 million to each Intermediary Company. Samsung Heavy Industries wired \$3 million to Intermediary Company 1 on or about March 10, 2011 and to Intermediary Company 2 on or about April 15, 2011, via correspondent banks in the United States.

Receipt of Bribe Payments by Brazilian Official 1 and Brazilian Official 2

30. After receipt of the payments to Intermediary Company 2 by Samsung Heavy Industries, Brazilian Agent 2 caused portions of the money to be paid as bribes to Brazilian Official 1 and Brazilian Official 2, in furtherance of the bribery scheme.

31. Brazilian Agent 2 paid Brazilian Official 1 in several installments, which together totaled approximately \$1 million. The last payment Brazilian Official 1 received from Brazilian Agent 2 took place on or about May 31, 2013, when Brazilian Agent 2 caused approximately \$114,000 to be transferred, via correspondent banks in the United States, from a bank account in Monaco to a bank account in Switzerland held for the benefit of Brazilian Official 1.

32. Brazilian Agent 2 began paying bribes to Brazilian Official 2 in connection with the Option Drillship in or about 2011. In order to conceal the nature of the bribe payments, in or around April 2011, Brazilian Agent 2 caused Intermediary Company 2 to enter into a sham loan agreement with a Swiss shell company controlled by a French businessperson. Pursuant to the loan agreement, Intermediary Company 2 transferred \$4 million from a bank account in Switzerland to an account controlled by the French businessperson on or about April 27, 2011.

33. On or about June 21, 2011, the French businessperson transferred approximately \$2 million back to Intermediary Company 2, as a purported partial repayment of the loan. On or about June 24, 2011, the French businessperson transferred approximately \$2 million to a bank account in MONACO held for the benefit of Brazilian Official 2.

34. Brazilian Official 1 and Brazilian Official 2 also received a payment from Brazilian Agent 1. During a meeting in or around April 2008, Brazilian Agent 1 agreed with Brazilian Official 1 and Brazilian Official 2 to provide an additional \$1 million bribe in

connection with the Option Drillship, which would be split between Brazilian Official 1 and Brazilian Official 2. On or about May 8, 2008, Brazilian Agent 1 caused \$1 million to be transferred from a bank account in Switzerland controlled by Brazilian Agent 1 to a bank account in Hong Kong controlled by Brazilian Official 1 or Brazilian Official 2.

ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, Samsung Heavy Industries Company Limited (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 Eastern District of Virginia (the “Office”) 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 Fraud Section and the Office; and

WHEREAS, the Company’s General Counsel, Hyun-Dong Lee, together with outside counsel for the Company, have advised the Board of Directors of the Company of its rights, possible defenses, the Sentencing Guidelines’ provisions, and the consequences of entering into such agreement with the Fraud Section and the Office;

Therefore, the Board of Directors has RESOLVED that:

1. The Company (a) acknowledges the filing of the one-count Information charging the Company with violation of Title 18, United States Code, Section 371; (b) waives indictment on such charges and enters into a deferred prosecution agreement with the Fraud Section; and (c) agrees to accept a monetary penalty against Company totaling \$75,481,600, and to pay such penalty to the United States Treasury with respect to the conduct described in the Information;

2. The Company accepts the terms and conditions of this 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 purposes of this 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 this Agreement, in the United States District Court for the Eastern District of Virginia; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Fraud Section 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;

3. The General Counsel of the Company, Hyun-Dong Lee, is hereby authorized, empowered and directed, on behalf of the Company, to execute the Deferred Prosecution Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such changes as the General Counsel of Company, Hyun-Dong Lee, may approve;

4. The General Counsel of Company, Hyun-Dong Lee, 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

5. All of the actions of the General Counsel of Company, Hyun-Dong Lee, 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: 11/22/19



Corporate Secretary
Samsung Heavy Industries Company Ltd.

ATTACHMENT C

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 anticorruption laws, Samsung Heavy Industries Company Ltd. (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 anticorruption 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 anticorruption 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 anticorruption 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 “anticorruption 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 anticorruption 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 anticorruption laws by personnel at all levels of the Company. These anticorruption 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 anticorruption 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 anticorruption 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 anticorruption 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 anticorruption 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 anticorruption laws or the Company's anticorruption 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 anticorruption laws or the Company's anticorruption 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 anticorruption laws and the Company's anticorruption

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 anticorruption 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 anticorruption laws, and of the Company's anticorruption 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 anticorruption laws, which may, depending upon the circumstances, include: (a) anticorruption representations and undertakings relating to

compliance with the anticorruption 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 anticorruption 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 anticorruption due diligence by legal, accounting, and compliance personnel.

17. The Company will ensure that the Company's compliance code, policies, and procedures regarding the anticorruption 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 anticorruption laws and the Company's compliance code, policies, and procedures regarding anticorruption 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 anticorruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anticorruption laws and the Company's anticorruption

code, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

ATTACHMENT D

REPORTING REQUIREMENTS

Samsung Heavy Industries Company Limited (the “Company”) agrees that it will report to the United States Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”) and the United States Attorney’s Office for the Eastern District of Virginia (the “Office”) periodically, at no less than twelve-month intervals during a three-year term, regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Attachment C. During this three-year period, the Company shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two follow-up reviews and reports, as described below:

a. By no later than one year from the date this Agreement is executed, the Company shall submit to the Fraud Section and the Office a written report setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the Company’s internal controls, policies, and procedures for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the proposed scope of the subsequent reviews. The report shall be transmitted to Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Washington, DC 20530 and Chief, Criminal Division, United States Attorney’s Office for the Eastern District of Virginia, 2100 Jamieson Avenue, Alexandria, VA 22314. The Company may extend the time period for issuance of the report with prior written approval of the Fraud Section and the Office.

b. The Company shall undertake at least two follow-up reviews and reports, incorporating the Fraud Section’s and the Office’s views on the Company’s prior reviews and

reports, to further monitor and assess whether the Company's policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

c. The first follow-up review and report shall be completed by no later than one year after the initial report is submitted to the Fraud Section and the Office. The second follow-up review and report shall be completed and delivered to the Fraud Section and the Office no later than thirty days before the end of the Term.

d. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Fraud Section and the Office determines in their sole discretion that disclosure would be in furtherance of the Fraud Section's and the Office's discharge of their duties and responsibilities or is otherwise required by law.

e. The Company may extend the time period for submission of any of the follow-up reports with prior written approval of the Fraud Section and the Office.