

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 94760 / April 20, 2022

ADMINISTRATIVE PROCEEDING
File No. 3 - 20826

<p>In the Matter of</p> <p style="text-align:center">STERICYCLE, INC.,</p> <p>Respondent.</p>
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ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Stericycle, Inc. (“Stericycle” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over it and the subject matter of these proceedings, and consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

Summary

1. This matter concerns violations of the anti-bribery, books and records, and internal accounting controls provisions of the Foreign Corrupt Practices Act of 1977 (the “FCPA”) [15 U.S.C. 78dd] by Stericycle, a world-wide provider of medical waste and other

services. From at least 2012 to 2016, Stericycle paid millions of dollars in the form of hundreds of bribe payments to obtain and maintain business from government customers in Brazil, Mexico, and Argentina, as well as to obtain authorization for priority release of payments owed under government contracts. The improper payments were not accurately reflected in Stericycle's books and records, and Stericycle failed to have sufficient internal accounting controls in place to detect or prevent the misconduct. As a result of these violations, Stericycle benefitted by approximately \$22.2 million.

Respondent

2. Stericycle, a Delaware corporation based in Bannockburn, Illinois, operates in various fields including medical waste services. Stericycle's common stock is registered with the Commission under Section 12(g) of the Exchange Act and trades on The Nasdaq National Market LLC under the Ticker "SRCL." Stericycle files periodic reports with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder.

3. During the relevant period, Stericycle operated through wholly-owned subsidiaries in Brazil ("Stericycle Brazil"), Mexico ("Stericycle Mexico"), and Argentina ("Stericycle Argentina"). Stericycle established a Latin America division based in Miami, Florida, in 2013 with responsibility for and management of the operations, financial reporting, and books and records of Stericycle Brazil, Stericycle Mexico, and Stericycle Argentina.

Background

4. Stericycle first entered the Latin America market in 1997, and rapidly expanded in Latin America through the acquisition of many local businesses in Argentina, Brazil, and Mexico. The prior local business owners continued to run the operations in each country. Each country had an executive team that reported to, among others, a former Stericycle executive responsible for all of Latin America (the "LatAm Executive"). The LatAm Executive reported directly to Stericycle executives at Stericycle's corporate headquarters.

5. The LatAm Executive established an executive office in Miami, Florida as headquarters for Stericycle's Latin America operations, and personally relocated from Mexico to Miami in 2015.

6. Despite risks inherent in its business, Stericycle lacked sufficient internal accounting controls with respect to its international business in Latin America. As Stericycle grew in Latin America through acquisition, the accounting processes and systems remained mostly decentralized with neither uniformity nor proper oversight, resulting in internal control deficiencies. Additionally, Stericycle had no centralized compliance department and failed to implement its FCPA policies or procedures prior to 2016.

7. For reporting periods from at least 2012 through the first quarter of 2016, the LatAm Executive, along with executives of Stericycle Brazil and Stericycle Mexico with knowledge of the bribery scheme in their respective countries, signed and transmitted numerous sub-certification letters in which they falsely stated that they were not aware of any actual or potential material event in their region, including any actual or alleged violation of any applicable law.

Brazil

8. Stericycle first entered the Brazil market in 2010 by acquiring a few regional businesses, and one of the prior owners became a Stericycle Brazil executive. Stericycle expanded throughout Brazil through acquisition of local and regional businesses. Stericycle Brazil executives, with the assistance of certain Stericycle Brazil employees and knowledge and authorization of the LatAm Executive, operated a bribery scheme to obtain or retain their business as well as to obtain authorization for priority release of payments of outstanding invoices owed under government contracts. The bribery scheme involved the creation and use of sham third-party vendors that issued false invoices on Stericycle Brazil's behalf to conceal the delivery of substantial cash payments by Stericycle Brazil employees or through third-party intermediaries to approximately 25 government customers.

9. From at least 2012, Stericycle Brazil operated the bribery scheme orchestrated by Stericycle Brazil executives. Stericycle Brazil finance employees, one of whom reported directly to a Stericycle Brazil executive, complied with frequent requests from Stericycle Brazil executives to effectuate and document the bribery scheme. Stericycle Brazil executives authorized cash withdrawals to be used for bribe payments. Substantial amounts of cash were also kept on site in the corporate office for immediate use as bribe payments.

10. The Stericycle Brazil executives went to great lengths to provide cover for bribe payments in Stericycle's books and records. In September 2012, Stericycle Brazil executives formed a sham third-party vendor that purportedly provided accounts receivable collection services to Stericycle Brazil, which were never provided. Rather, the sham third-party vendor issued false invoices that Stericycle Brazil used to support the bribe payments in its books and records. Each month, Stericycle Brazil finance employees estimated the amount of cash withdrawals attributable to the bribe payments. At the end of the month, Stericycle Brazil finance employees requested false invoices from the sham third-party vendor in the amount of the preceding month's estimated cash withdrawals used for bribes. These invoices for purported debt collection services concealed the true purpose of the payments. The invoiced amounts were recorded in Stericycle's general ledger, and the cash withdrawals appeared in company bank statements. In 2015, a Stericycle Brazil executive formed two other sham third-party vendors to continue the same scheme.

11. The bribery scheme in Brazil was documented through the maintenance of multiple spreadsheets. In 2013, Stericycle Brazil finance employees were responsible for documenting the bribery scheme at the direction of a Stericycle Brazil executive. The Stericycle Brazil finance employees maintained spreadsheets which identified the government customers receiving bribes and the corresponding amount (either a set percentage of revenue or fixed amount), and the Stericycle Brazil employee responsible for retrieving the cash and delivering the bribe payments either directly or through a third-party intermediary. The spreadsheets contained entries, organized by month and region, of both the total amount of bribes paid and the amounts of the fake invoices used to provide cover for cash withdrawals. The Stericycle Brazil finance employees stored these spreadsheets on Stericycle's servers, and the Stericycle Brazil executives and the LatAm Executive had knowledge of the payments by, among other things, receiving one or more copies of these spreadsheets.

12. Stericycle Brazil maintained these tracking spreadsheets until early 2016, and the amounts on the sham third-party invoices are reflected in the general ledger as a reduction of revenues or as selling, general and administrative expenses.

Mexico

13. Stericycle first entered the Mexico market by entering into a joint venture with a business owned by the LatAm Executive. The bribery scheme in Mexico involved fake invoices from third-party vendors to cover cash payments to government officials.

14. Stericycle Mexico employees maintained Excel spreadsheets on Stericycle's servers documenting the scheme. The spreadsheets identified invoices from approximately 45 third-party vendors which purported to provide otherwise undocumented consulting and market research services. The spreadsheets linked invoices to payments to government officials, including the name of the customer and calculation of the bribe as a fixed amount or percentage of the customer's invoice value. Some spreadsheets also detailed the recipient of the bribe and method of delivery (cash versus wire transfer). These spreadsheets were sent to, among others, the LatAm Executive and a Stericycle Mexico executive on Stericycle's servers.

15. In 2016, three Stericycle Mexico executives told a Stericycle executive of the scheme in Mexico to pay bribes as well as to obtain authorization for priority release of payments owed under government contracts. One of the Stericycle Mexico executives provided an Excel spreadsheet with revenue loss projections if Stericycle Mexico were to cease paying bribes to its two largest government customers.

Argentina

16. Stericycle first entered the Argentina market in 2000. Stericycle Argentina executives and other employees operated a scheme involving the payment of bribes to government officials in certain provinces to secure payments of invoices for services to government-owned hospitals and healthcare facilities. The bribery scheme occurred between at least 2012 to 2016, and was authorized and overseen by Stericycle Argentina executives and the LatAm Executive.

17. In June 2012, Stericycle entered into a contract to provide medical waste disposal services to a government customer in one province of Argentina. Government officials in that province required that Stericycle Argentina pay bribes that typically totaled 15% of the invoice amount, less taxes. Stericycle Argentina executives authorized these payments, and the cash was then delivered to a government official at various locations.

18. Stericycle Argentina maintained various documents in furtherance of the bribery scheme. For example, email communications referenced bribe payments in one province using words such as "comision," "IP," and "alfa" (short for alfajores, a sweet cookie popular in Argentina). Stericycle Argentina employees also exchanged a spreadsheet comparing actual and projected revenue with a line item for "Alfa" underneath Stericycle's "Commercial Expenses." This line item was generated via an Excel formula that calculated the bribe value based on a percentage of projected government customer revenue in that province.

19. A Stericycle Argentina executive also maintained separate Excel spreadsheets that tracked the expenses and revenues for business units in other provinces in Argentina. Spreadsheets for some business units included income statement line items within “Sales and Administrative Expenses” for “IP,” “IP Comisiones,” or “IP Atenciones.” In one province, the IP value from May to August 2015 was generated via an Excel formula for a percentage of certain government customer revenue listed elsewhere on the spreadsheet. For almost all of 2012 to 2016, the government customer revenue on the spreadsheet for that province matched revenue associated with a government customer that was recorded in Stericycle’s general ledger.

LEGAL STANDARDS AND FCPA VIOLATIONS

20. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

Stericycle Violated Exchange Act Section 30A

21. The anti-bribery provisions of the FCPA, Section 30A of the Exchange Act, make it unlawful for any issuer with a class of securities registered pursuant to Section 12 of the Exchange Act, or any employee or agent of such issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an effort to pay or offer to pay anything of value to foreign officials for the purpose of influencing their official decision-making, in order to assist in obtaining or retaining business. As a result of the conduct described above, Stericycle violated Exchange Act Section 30A.

Stericycle Violated Exchange Act Section 13(b)(2)(A)

22. Section 13(b)(2)(A) of the Exchange Act requires issuers to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the issuer. As described above, Stericycle’s books and records did not accurately reflect outgoing and incoming transactions. Therefore, Stericycle violated Exchange Act Section 13(b)(2)(A).

Stericycle Violated Exchange Act Section 13(b)(2)(B)

23. Section 13(b)(2)(B) of the Exchange Act requires all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that, among other things, transactions were executed in accordance with management’s general or specific authorization and that access to assets was permitted only in accordance with management’s general or specific authorization. As described above, Stericycle failed to implement such a system of internal accounting controls. By this conduct, Stericycle violated Exchange Act Section 13(b)(2)(B).

DEFERRED PROSECUTION AGREEMENT

24. Stericycle has entered into a three-year deferred prosecution agreement with the United States Department of Justice by which Stericycle acknowledges responsibility for criminal conduct relating to certain findings in the Order.

DISGORGEMENT AND CIVIL PENALTIES

25. The disgorgement and prejudgment interest ordered in paragraph IV.C is consistent with equitable principles, does not exceed Stericycle's net profits from its violations, and returning the money to Stericycle would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in paragraph IV.C shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

26. Stericycle acknowledges that the Commission is not imposing a civil penalty based upon the imposition of a \$52.5 million criminal fine as part of its resolution with the Department of Justice.

STERICYCLE'S REMEDIAL EFFORTS AND COOPERATION

27. In determining to accept the Offer, the Commission considered remedial acts undertaken by Stericycle and cooperation afforded the Commission staff. Stericycle's cooperation included sharing facts developed in the course of its own internal investigations and forensic accounting reviews, translating key documents and making employees available for interviews, including voluntarily facilitating interviews in the United States of foreign-based employees.

28. Stericycle's remediation included the termination of employees and third parties responsible for the misconduct and enhancements to its internal accounting controls. Stericycle created a compliance organization, including hiring an experienced Chief Ethics and Compliance Officer as well as local compliance staff, enhanced its policies and procedures and compliance communications, and introduced training of employees on anti-bribery issues.

UNDERTAKINGS

29. Respondent undertakes to engage an Independent Compliance Monitor and report to the Commission staff periodically pursuant to the provisions set forth in Attachment A of the Order.

30. Respondent undertakes to require the Independent Compliance Monitor to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Compliance Monitor shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondent, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Independent Compliance Monitor will require that any firm with which he/she is affiliated or of which he/she is a member,

and any person engaged to assist the Independent Compliance Monitor in performance of his/her duties under this Order shall not, without prior written consent of the Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondent, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

31. The reports by the Independent Compliance Monitor and periodic reviews and reports submitted by Respondent will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or 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 (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (4) as otherwise required by law.

32. Respondent shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Eric Busto and Jessica Weissman, Assistant Regional Directors, Division of Enforcement, U.S. Securities and Exchange Commission, 801 Brickell Avenue, Suite 1950, Miami, FL 33131, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Stericycle cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act.

B. Respondent shall comply with the undertakings enumerated in Paragraphs 29-32 above.

C. Respondent shall pay disgorgement of \$22,184,981.00 and prejudgment interest of \$5,999,258.80 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Respondent shall receive a disgorgement offset of up to \$4,196,719 (1/3 of Respondent's net profits from its violations related to Brazil) based on the U.S. dollar value of any disgorgement paid to the Brazilian Controladoria-Geral Da União/Advocacia-Geral da União and the Ministério Público Federal ("Brazilian Authorities") reflected by evidence acceptable to the Commission staff in its

sole discretion, in a parallel proceeding against Respondent in Federal Court in Brazil concerning the same underlying conduct related to Brazil of this Order. Such evidence of payment shall include a copy of the wire transfer or other evidence of the amount of the payment, the date of the payment, and the name of the government agency to which payment was made. To receive this offset, Respondent must make the above-identified payments within 12 months from the date of this Order. Any amounts not paid as an offset within the specified time shall be immediately due to the U.S. Securities and Exchange Commission. Respondent shall, within 30 days of the entry of this Order, pay \$23,987,520.80 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via [Pay.gov](http://www.pay.gov) through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Stericycle, Inc. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Glenn S. Gordon, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1950, Miami, FL 33131.

By the Commission.

Vanessa A. Countryman
Secretary

Independent Compliance Monitor

Retention of Monitor and Term of Engagement

1. Stericycle, Inc. (“Company”) shall engage an independent compliance monitor (the “Monitor”) not unacceptable to the staff of the Commission within sixty (60) calendar days of the issuance of the Order. The Monitor shall have, at a minimum, the following: (i) demonstrated expertise with respect to the FCPA and other applicable anti-corruption laws, including experience counseling on FCPA issues; (ii) experience designing or reviewing corporate compliance policies, procedures, and internal accounting controls, including FCPA and anticorruption policies and procedures; (iii) the ability to access and deploy resources as necessary to discharge the Monitor’s duties; and (iv) sufficient independence from the Company to ensure effective and impartial performance of the Monitor’s duties. The Commission staff may extend the Company’s time period to retain the Monitor, in its sole discretion. If the Monitor resigns or is otherwise unable to fulfill the obligations herein, the Company shall within twenty (20) calendar days recommend a pool of three qualified Monitor candidates from which the Commission staff will choose a replacement.

2. The Company shall retain the Monitor for a period of not less than twenty-four (24) months from the date the Monitor is retained (the “Term of the Monitorship”), unless the Commission staff finds, in its sole discretion, that there exists a change in circumstances sufficient to terminate the Monitorship early or extend the Monitorship as set forth in paragraphs 24-25 (Termination or Extension of Monitorship).

Company’s Obligations

3. The Company shall cooperate fully with the Monitor and provide the Monitor with access to all non-privileged information, documents, books, records, facilities, and personnel as reasonably requested by the Monitor, which fall within the Monitor’s mandate; such access shall be provided consistent with the Company’s and the Monitor’s obligations under applicable local laws and regulations, including but not limited to, applicable data privacy and national security laws and regulations. The Company shall use its best efforts, to the extent reasonably requested, to provide the Monitor with access to the Company’s former employees, third party vendors, agents, and consultants. The Company does not intend to waive the protection of the attorney work product doctrine, attorney-client privilege, or any other privilege applicable as to third parties.

4. The parties agree that no attorney-client relationship shall be formed between the Company and the Monitor. In the event that the Company seeks to withhold from the Monitor access to information, documents, books, records, facilities, current or former personnel of the Company, its third-party vendors, agents, or consultants that may be subject to a claim of attorney-client privilege or to the attorney work-product doctrine, or where the Company reasonably believes production would otherwise be inconsistent with the applicable law, the Company shall work cooperatively with the Monitor to resolve the matter to the satisfaction of the Monitor. If, during the Term of the Monitorship, the Monitor believes that the Company is unreasonably withholding access on the basis of a claim of attorney-client privilege, attorney

work-product doctrine, or other asserted applicable law, and cannot resolve the matter cooperatively with the Company, the Monitor shall notify the Commission staff.

5. Upon entry of this Order and during the Term of the Monitorship, should the Company learn of credible evidence or allegations of corrupt payments, false books, records, or accounts, or the failure to implement adequate internal accounting controls, the Company shall promptly report such credible evidence or allegations to the Commission staff. Any disclosure by the Company to the Monitor concerning credible evidence of corrupt payments, false books and records, or internal accounting control issues shall not relieve the Company of any otherwise applicable obligation to truthfully disclose such matters to the Commission staff.

Monitor's Mandate

6. The Monitor shall review and evaluate the effectiveness of the Company's policies, procedures, practices, internal accounting controls, recordkeeping, SOX controls, and financial reporting processes (collectively, "Policies and Procedures"), as they relate to the Company's current and ongoing compliance with the anti-bribery, books and records, and internal accounting controls provisions of the FCPA and other applicable anti-corruption laws (collectively, "Anticorruption Laws"), and make recommendations reasonably designed to improve the effectiveness of the Company's Policies and Procedures and FCPA corporate compliance program (the "Mandate"). This Mandate shall include an assessment of the Board of Directors' and Executive Leadership Team's commitment to, and effective implementation of, the Policies and Procedures and FCPA corporate compliance program. In carrying out the Mandate, to the extent appropriate under the circumstances, the Monitor may coordinate with the Company personnel, including in-house counsel or through designated outside counsel, compliance personnel, and internal auditors. To the extent the Monitor deems appropriate, he or she may rely on the Company's processes, and on sampling and testing methodologies. The Monitor's reviews should use a risk-based approach, and thus, the Monitor is not expected to conduct a comprehensive review of all business lines, all business activities, and all markets. Any disputes between the Company and the Monitor with respect to the Work Plan shall be decided by the Commission staff in its sole discretion.

7. During the Term of the Monitorship, the Monitor shall conduct an initial ("first") review and prepare a first report, followed by at least one follow-up ("second") review and report, and issue a Certification Report if appropriate, as described below.

Initial Review and Report

8. Promptly upon being retained, the Monitor shall prepare a written Work Plan, which shall be submitted to the Company and the Commission staff for comment no later than thirty (30) days after being retained.

9. In order to conduct an effective Initial Review and to understand fully any existing deficiencies in the Company's Policies and Procedures and FCPA corporate compliance program, the Monitor's Work Plan shall include such steps as are reasonably necessary to understand the Company's business and its global anti-corruption risks. The steps shall include: (a) inspection of relevant documents, including the internal accounting controls, recordkeeping,

and financial reporting policies and procedures as they relate to the Company's compliance with the books and records, internal accounting controls, and anti-bribery provisions of the FCPA and other applicable anti-corruption laws; (b) onsite observation of selected systems and procedures comprising the Company's Policies and Procedures and FCPA corporate compliance program, including anticorruption compliance procedures, internal accounting controls, recordkeeping, due diligence, and internal audit procedures, including at sample sites; (c) meetings with, and interviews of, as relevant, the Company employees, officers, directors, and, where appropriate and feasible, its third-party vendors, agents, or consultants and other persons at mutually convenient times and places; and (d) risk-based analyses, studies, and testing of the Company's FCPA corporate compliance program.

10. The Monitor may take steps as reasonably necessary to develop an understanding of the facts and circumstances surrounding prior FCPA violations that gave rise to this action or violations of other applicable Anticorruption Laws, but shall not conduct his or her own inquiry into those historical events.

11. After receiving the Initial Review Work Plan, the Company and Commission staff shall provide any comments concerning the Initial Review Work Plan within fifteen (15) calendar days to the Monitor. Any disputes between the Company and the Monitor with respect to the Initial Review Work Plan shall be decided by the Commission staff in its sole discretion. Following comments by the Company and Commission staff, the Monitor will have ten (10) calendar days to submit a Final Initial Review Work Plan.

12. The Initial Review shall commence no later than sixty (60) calendar days from the date of the engagement of the Monitor (unless otherwise agreed by the Company, the Monitor, and the Commission staff). The Monitor shall issue a written report within one hundred twenty (120) calendar days of commencing the Initial Review, setting forth the Monitor's assessment and, if necessary, making recommendations reasonably designed to improve the effectiveness of the Company's Policies and Procedures and FCPA corporate compliance program as they relate to the Company's compliance with the FCPA and other applicable Anticorruption Laws. The Monitor should consult with the Company concerning his or her findings and recommendations on an ongoing basis and should consider the Company's comments and input to the extent the Monitor deems appropriate. The Monitor may also choose to share a draft of his or her report with the Company and Commission staff prior to finalizing it. The Monitor shall provide the report to the Board of Directors of the Company and contemporaneously transmit a copy to Commission staff.

13. Within one hundred and twenty (120) calendar days after receiving the Monitor's Initial Review Report, the Company shall adopt and implement all recommendations in the report, provided, however, that as to any recommendation that the Company considers unduly burdensome, impractical, costly, or inconsistent with applicable law or regulation, the Company need not adopt that recommendation at that time, but may submit in writing to the Monitor and the Commission staff within thirty (30) calendar days of receiving the report, an alternative policy, procedure, or system designed to achieve the same objective or purpose.

14. In the event the Company and the Monitor are unable to agree on an acceptable alternative proposal, the Company shall promptly consult with the Commission staff. Any

disputes between the Company and the Monitor with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The Commission staff shall consider the Monitor's recommendation and the Company's reasons for not adopting the recommendation in determining whether the Company has fully complied with its obligations. Pending such determination, the Company shall not be required to implement any contested recommendation(s).

15. With respect to any recommendation that the Monitor determines cannot reasonably be implemented within one hundred-twenty (120) days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Commission staff.

Follow-Up Reviews

16. The Monitor shall conduct a minimum of one Follow-Up Review. The Monitor shall submit a written work plan for each follow-up review to the Company and Commission staff at least thirty (30) days prior to commencing any follow-up review. The Company and Commission staff shall provide any comments concerning the work plan within fifteen (15) calendar days in writing to the Monitor. Any disputes between the Company and the Monitor with respect to the written work plan shall be decided by the Commission staff in its sole discretion. Following comments by the Company and Commission staff, the Monitor will have ten (10) calendar days to make revisions to the follow-up work plan.

17. The Monitor shall commence the follow-up review pursuant to the work plan no later than one hundred-twenty (120) calendar days after the issuance of the initial report, or applicable follow-up report, (unless otherwise agreed by the Company, the Monitor and the Commission staff). The Monitor shall issue his or her written follow-up report within one hundred-twenty (120) calendar days of commencing the follow-up review. The follow-up report shall set forth the Monitor's assessment of, and any additional recommendations regarding, the Policies and Procedures as they relate to the Company's compliance with the Anticorruption Laws; the Monitor's assessment of the implementation by the Company of any recommendations made in the initial report, or follow-up report if applicable; and the Monitor's assessment of the commitment of the Company's Supervisory and Management Boards and senior management to compliance with the FCPA.

18. Within one hundred-twenty (120) calendar days after receiving the Monitor's follow-up report, the Company shall adopt and implement all recommendations in the report, provided, however, that as to any recommendation that the Company considers unduly burdensome, impractical, costly, or inconsistent with applicable law or regulation, the Company need not adopt that recommendation at that time, but may submit in writing to the Monitor and the Commission staff within thirty (30) calendar days of receiving the report, an alternative policy, procedure, or system designed to achieve the same objective or purpose.

19. In the event the Company and the Monitor are unable to agree on an acceptable alternative proposal within thirty (30) calendar days, the Company shall promptly consult with the Commission staff. Any disputes between the Company and the Monitor with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The

Commission staff shall consider the Monitor's recommendation and the Company's reasons for not adopting the recommendation in determining whether the Company has fully complied with its obligations. Pending such determination, the Company shall not be required to implement any contested recommendation(s). The Monitor shall repeat the process of Follow-Up Reviews until the terms in paragraph 21 (Certification of Compliance) or paragraphs 24-25 (Termination or Extension of Monitorship) are met.

20. Throughout the Term of the Monitorship, the Monitor shall disclose to the Commission staff any credible evidence that corrupt or otherwise suspicious transactions occurred, or payments of things of value were offered, promised, made or authorized by any entity or person within the Company, or any entity or person working directly or indirectly for or on behalf of the Company, or that related false books and records may have been maintained by or on behalf of the Company. The Monitor shall contemporaneously notify the Company's General Counsel, Chief Ethics and Compliance Officer, or Audit Committee for further action unless at the Monitor's discretion he or she believes disclosure to the Company would be inappropriate under the circumstances. The Monitor shall address in his or her reports the appropriateness of the Company's response to all improper activities, whether previously disclosed to the Commission staff or not.

Certification of Compliance

21. At the conclusion of the one hundred-twenty (120) calendar day period following the issuance of the follow-up report, or later follow-up report if applicable, if the Monitor believes that the Company's Policies and Procedures and FCPA compliance program are reasonably designed and implemented to detect and prevent violations of the Anticorruption Laws and are functioning effectively, the Monitor shall certify the Company's compliance with its compliance obligations under the Order. The Monitor shall then submit to the Commission staff a written report ("Certification Report") within sixty (60) calendar days. The Certification Report shall set forth an overview of the Company's remediation efforts to date, including the implementation status of the Monitor's recommendations, and an assessment of the sustainability of the Company's remediation efforts. The Certification Report should also recommend the scope of the Company's future self-reporting. Also at the conclusion of the one hundred-twenty (120) calendar day period following the issuance of the follow-up report, the Company shall certify in writing to the Commission staff, with a copy to the Monitor, that the Company has adopted and implemented all of the Monitor's recommendations in the initial and follow-up report(s), or the agreed-upon alternatives. The Monitor or the Company may extend the time period for issuance of the Certification Report or the Company's certification, respectively, with prior written approval of the Commission staff.

Self-Reporting Period

22. At such time as the Commission staff approves the Certification Report and the Company's certification, the monitorship shall be terminated, and the Company will be permitted to self-report to the Commission staff on its enhanced compliance obligations for the remainder of the term of the Order. The Commission staff, however, reserves the right to terminate the monitorship absent certification by the Monitor, upon a showing by the Company that termination is, nevertheless, in the interests of justice.

23. If permitted to self-report to the Commission staff, the Company shall thereafter submit to the Commission staff a written Initial Self-Report and Follow-Up Self-Report at six (6) month intervals, or thirty (30) days before completion of the term of the monitorship if it does not correspond to a six-month period, setting forth a complete description of its remediation efforts to date, its proposals to improve the Company's Policies and Procedures and FCPA compliance program for ensuring compliance with the Anticorruption Laws, and the proposed scope of the subsequent reviews. The Company shall disclose any credible evidence that corrupt or otherwise suspicious transactions occurred, or payments of things of value were offered, promised, or provided to foreign officials, that it learns of that occurred after the date of this Consent. The Company may extend the time period for issuance of the self-report with prior written approval of the Commission staff.

Termination or Extension of the Monitorship

24. If at the conclusion of the one hundred-twenty (120) calendar-day period following the issuance of the follow-up report, or later follow-up report if applicable, the Commission staff concludes in its sole discretion that the Company has not by that time successfully satisfied its compliance obligations under the Order, the Term of the Monitorship shall be extended for twelve (12) months. Under such circumstances, the Monitor shall commence additional Follow-Up Reviews in accordance with Paragraphs 16-19.

25. If at the conclusion of the one hundred-twenty (120) calendar-day period the Commission staff concludes the Company has not met its obligations under the Order, the Term of the Monitorship shall be extended for one year and require reporting as set forth for Follow-Up Reviews or Self-Reporting.

Extensions of Time

26. Upon request by the Monitor or the Company, the Commission staff may extend any procedural time period set forth above for good cause shown.

Confidentiality of Reports

27. The reports submitted by the Monitor and the periodic reviews and reports submitted by the Company will likely include confidential financial, proprietary, competitive business, or commercial information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations, or undermine the objective 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 (i) pursuant to court order, (ii) as agreed to by the parties in writing, (iii) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (iv) as is otherwise required by law.

Address for All Written Communications and Reports

28. All reports or other written communications by the Monitor or the Company directed to the Commission staff shall be transmitted to Eric Busto and Jessica Weissman,

Assistant Regional Directors, Division of Enforcement, U.S. Securities and Exchange Commission, 801 Brickell Avenue, Suite 1950, Miami, FL 33131.