UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS

CASE NO. ____________________

UNITED STATES OF AMERICA

v.

EP 26CR1685

THE SCOULAR COMPANY,

Defendant.

______________________________/

DEFERRED PROSECUTION AGREEMENT

Defendant The Scoular Company ("Scoular" or 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 and the United States Attorney's Office for the Western District of Texas (the "Offices"), enter into this deferred prosecution agreement (the "Agreement"). The terms and conditions of this Agreement are as follows:

Criminal Information and Acceptance of Responsibility

1. The Company acknowledges and agrees that the Offices will file the attached criminal Information in the United States District Court for the Western District of Texas charging the Company with one count of Conspiracy to violate the Foreign Corrupt Practices Act (FCPA), in violation of 18 U.S.C. § 371, and subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C). In so doing, the Company: (a) knowingly waives any right it may have 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); (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 Western District of Texas; and (c) agrees that the charges in the Information and any charges arising from the conduct described in the Statement of Facts are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement. The Offices 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 Statement of Facts, and that the allegations described in the Information and the facts described in the Statement of Facts are true and accurate. The Company agrees that, effective as of the date the Company signs this Agreement, in any prosecution that is deferred by this Agreement, it will not dispute the Statement of Facts set forth in this Agreement, and, in any such prosecution, the Statement of Facts shall be admissible as: (a) substantive evidence offered by the government in its case-in-chief and rebuttal case; (b) impeachment evidence offered by the government on cross-examination; and (c) evidence at any sentencing hearing or other hearing. In addition, in connection therewith, the Company agrees not to assert any claim under the United States Constitution, Rule 410 of the Federal Rules of Evidence, Rule 11(f) of the Federal Rules of Criminal Procedure, Section 1B1.1(a) of the United States Sentencing Guidelines, or any other federal rule that the Statement of Facts should be suppressed or is otherwise inadmissible as evidence in any form.

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 Offices determine, in their sole discretion, that the Company has knowingly violated any provision of this Agreement or has failed to completely perform or fulfill each of the Company's obligations under this Agreement, an extension or extensions of the Term may be imposed by the Offices, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Offices' right to proceed as provided in Paragraphs 19-23 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 Offices 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.

Relevant Considerations

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

a. the nature and seriousness of the offense conduct, as described in the Statement of Facts attached hereto as Attachment A, including a multi-year scheme to authorize and pay more than $400,000 in bribes through customs brokers thereby bypassing Mexican law and procedures addressing the presence of dirt in agricultural products, in order to obtain and retain business, all of which avoided more than $6.5 million in demurrage and related costs associated with the Company's shipments; and the Offices' determination during the course of the investigation, that, unbeknownst to the Company or its employees, a portion of the bribes paid in connection with Scoular's shipments benefited persons associated with the criminal operations of a cartel operating at the U.S.-Mexico border;

b. the Company did not receive voluntary disclosure credit pursuant to the Department of Justice's Corporate Enforcement and Voluntary Self-Disclosure Policy ("CEP"), or pursuant to U.S.S.G. § 8C2.5(g)(1), because it did not voluntarily and timely disclose to the Fraud Section the conduct described in the Statement of Facts;

c. the Company received credit for its cooperation with the Offices' investigation pursuant to U.S.S.G. § 8C2.5(g)(2) because it cooperated with the investigation and demonstrated recognition and affirmative acceptance of responsibility for the criminal conduct; the Company also received credit for its cooperation and remediation pursuant to the CEP. Such cooperation included: (i) conducting an internal investigation into the misconduct and providing evidence to the Offices, including detailed factual presentations; (ii) providing information and evidence to the Offices that identified those involved in the misconduct; (iii) producing and organizing materials in response to the Offices' voluntary document requests, notwithstanding certain deficiencies in the early part of the investigation; and (iv) securing counsel for current employees;

d. the Company provided to the Offices 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 Offices prior to the Agreement;

e. the Company also received credit pursuant to the CEP because Scoular has engaged in timely remedial measures, including (i) increasing compliance sensitivity across the organization through enhanced business engagement; (ii) implementing the findings of an external compliance program maturity assessment and an anti-corruption risk assessment, including by restructuring its compliance function and incorporating senior leadership oversight across compliance and business activities; (iii) reducing operational risk by eliminating the use of customs brokers associated with reinspection fees in Mexico; (iv) strengthening risk-based review and monitoring procedures, and coordinating those efforts through the use of specific software tools; (v) updating and launching a revised Code of Conduct, along with several key policies and procedures related to its compliance program, including anti-corruption, bribery, conflicts of interest, and third party management; (vi) improving and implementing risk-based screenings and approval requirements for third-party providers; implementing anti-corruption and audit right provisions in third-party contracts; (vii) implementing revised financial controls procedures that relate to high-risk transactions, and (viii) providing general and targeted anti-corruption training to relevant personnel.

f. Scoular 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);

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

h. the Company has no prior criminal history or civil or regulatory enforcement history involving similar conduct;

i. the Company's agreement to continue to cooperate with the Offices in any ongoing investigation of the conduct of the Company and its officers, directors, employees, agents, business partners, distributors, and consultants, as described in Paragraph 5 below;

j. accordingly, after considering (a) through (i) above, the Offices have determined that the appropriate resolution of the Offices' investigation is a deferred prosecution agreement with the Company with a three-year term; payment of a criminal penalty in the amount of $9,769,521, which reflects a reduction of 25 percent off the bottom of the applicable Sentencing Guidelines fine range, and $414,351 in forfeiture.

Ongoing Cooperation and Disclosure Requirements

5. The Company shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct under investigation by the Fraud Section or the Offices 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. At the request of the Offices, 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, its parent 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 Statement of Facts and other conduct under investigation by the Offices or any other component of the Department of Justice 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 Offices 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 represents that it has timely and truthfully disclosed all factual information about which the Company has any knowledge with respect to its activities, those of its subsidiaries, and affiliates, and those of its present and former directors, officers, employees, agents, and consultants relating to the conduct described in this Agreement and the Statement of Facts and other conduct known by the Defendant to be under investigation by the Offices. The Company further agrees that it shall promptly and truthfully disclose all factual information with respect to its activities, those of its subsidiaries and affiliates, and those of its present and former directors, officers, employees, agents, and consultants about which the Company shall gain any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Offices, upon request, any document, record or other tangible evidence about which the Offices may inquire of the Company including evidence that is responsive to any requests made prior to the execution of this Agreement.

b. Upon request of the Offices, the Company shall designate knowledgeable employees, agents or attorneys to provide to the Offices 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 Offices, 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 Offices pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable laws and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as the MDBs, of such materials as the Offices, 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 FCPA anti-bribery provisions or the Foreign Extortion Prevention Act ("FEPA") had the conduct occurred within the jurisdiction of the United States, the Company shall promptly report such evidence or allegation to the Offices.

Payment of Monetary Penalty

7. The Offices 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 2025 USSG are applicable to this matter.

b. Offense Level. Based upon USSG § 2C1.1, the total offense level is 32, calculated as follows:

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

(b)(2)	Value of benefit received more than $3,500,000	+18
TOTAL		32

c. Base Fine. Based upon USSG § 8C2.4(a)(1), the base fine is $30,000,000 (the fine indicated in the Offense Level Fine Table)

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

(a)	Base Culpability Score	5
(b)(4)	the organization has at least 50 employees and an individual within substantial authority personnel participated in, condoned, or was willfully ignorant of the offense.	+2
(g)(2)	The organization fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct.	- 2
TOTAL		5

Calculation of Fine Range:

Base Fine	$30,000,000
Multipliers	1.0 (min) / 2.0 (max)
Fine Range	$30,000,000 - $60,000,000

8. The Offices and the Company agree, based on the application of the Sentencing Guidelines, that the appropriate criminal penalty is $9,769,521.[1] This reflects a 25% percent discount off the low end of the Sentencing Guidelines fine range.

[1] Section 371 imposes a maximum fine of $500,000 per count for an organizational defendant. Under the "alternative fine based on gain or loss" provision in 18 U.S.C. § 3571(d), "[i]f any person derives pecuniary gain from the offense . . . the defendant may be fined not more than the greater of twice the gross gain or twice the gross loss"—here $13,026,028. Under Guidelines chapter 8C3.1(b), "Where the minimum guideline fine is greater than the maximum fine authorized by statute, the maximum fine authorized by statute shall be the guideline fine."

9. The Company agrees to pay a monetary penalty in the amount of $9,769,521 to the United States Treasury no later than ten business days after the Agreement is fully executed. The Company and the Offices agree that this penalty is appropriate given the facts and circumstances of this case, including the Relevant Considerations described in Paragraph 4 of this Agreement. The $9,769,521 penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Offices that $9,769,521 is the maximum penalty that may be imposed in any future prosecution, and the Offices are not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Offices 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 this $9,769,521 penalty. The Company shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the 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 Statement of Facts.

Forfeiture

10. As a result of the Company's conduct, including the conduct set forth in the Statement of Facts, the parties agree the Offices could institute a civil and/or criminal forfeiture action against certain funds held by the Company and that such funds would be forfeitable pursuant to Title 18, United States Code, Section 981(a)(1)(C) and 982(a)(2) and Title 28, United States Code, Section 2461(c). The Company hereby admits that the facts set forth in the Statement of Facts establish that at least $414,351, representing the proceeds traceable to the commission of the offense, is forfeitable to the United States (the "Forfeiture Amount"). The Company releases any

and all claims it may have to the Forfeiture Amount, agrees that the forfeiture of such funds may be accomplished either administratively or judicially at the Offices' election, and waives the requirements of any applicable laws, rules or regulations governing the forfeiture of assets, including notice of the forfeiture. If the Offices seek to forfeit the Forfeiture Amount judicially or administratively, the Company consents to entry of an order of forfeiture or declaration of forfeiture directed to such funds and waives any defense it may have under Title 18, United States Code, Sections 981-984, including but not limited to notice, statute of limitations, and venue. The Company agrees to sign any additional documents necessary to complete forfeiture of the Forfeiture Amount. The Company also agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the Forfeiture Amount, or any other action or motion seeking to collaterally attach the seizure, restraint, forfeiture, or conveyance of the Forfeiture Amount, nor shall it assist any others in filing any such claims, petitions, actions, or motions.

11. Any portion of the Forfeiture Amount that is paid is final and shall not be refunded should the Offices later determine that the Company has breached this Agreement and commence a prosecution against the Company. In the event of a breach of this Agreement and subsequent prosecution, the Offices are not limited to the Forfeiture Amount. The Offices agree that in the event of a subsequent breach and prosecution, they will recommend to the Court that the amounts paid pursuant to this Agreement be offset against whatever forfeiture the Court shall impose as part of its judgment. The Company understands that such a recommendation will not be binding on the Court.

Conditional Release from Liability

12. Subject to Paragraphs 19-23, the Offices 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 Statement of Facts or the criminal Information filed pursuant to this Agreement. The Offices, however, may use any information related to the conduct described in the 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, or any of its subsidiaries or affiliates.

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

Corporate Compliance Program

13. 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.

14. 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 (e.g., a review of its existing internal accounting controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption 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 anti-corruption compliance program that incorporates relevant internal accounting controls, as well as policies and procedures designed to effectively detect and deter violations the FCPA and other applicable anti-corruption 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

15. The Company agrees that it will report to the Offices 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.

16. On the date the Term expires, the Company, by the Chief Executive Officer and Chief Legal Officer, will certify to the Offices, in the form of executing the document attached as Attachment F to this Agreement, that the Company has met its compliance obligations pursuant to this Agreement. Each certification will be deemed a material statement and representation by the Defendant to the executive branch of the United States for purposes of Title 18, United States Code, Sections 1001 and 1519, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

Deferred Prosecution

17. In consideration of the undertakings agreed to by the Company herein, the Offices agree that any prosecution of the Company for the conduct set forth in the 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 Statement of Facts, such conduct will not be exempt from further prosecution and is not within the scope of or relevant to this Agreement.

18. The Offices further agree that if the Company fully complies with all of its obligations under this Agreement, the Offices 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 Offices 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 Statement of Facts. If, however, the Offices determine during this six-month period that the Company breached the Agreement during the Term, as described in Paragraph 5, the Offices' ability to extend the Term, as described in Paragraph 3, or to pursue other remedies, including those described in Paragraphs 17 to 21, remains in full effect.

Breach of the Agreement

19. 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 13-14 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 Offices 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 Offices have knowledge, including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the Offices in the U.S. District Court for the Western District of Texas 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 Offices' 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 Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the 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 Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

20. In the event the Offices determine that the Company has breached this Agreement, the Offices 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 Offices 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 Offices shall consider in determining whether to pursue prosecution of the Company.

21. In the event that the Offices determine that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to the Offices or to the Court, including the 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 Offices 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 Offices.

22. The Company acknowledges that the Offices 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.

23. On the date the Term expires, the Company, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, will certify to the Offices in the form of executing the document attached as Attachment E to this Agreement 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

24. 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 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 Offices' ability to determine a 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 Offices at least thirty (30) days prior to undertaking any such sale, merger, transfer, or other

change in corporate form. The Offices shall notify the Company prior to such transaction (or series of transactions) if they have determined that the transaction or transactions will have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined in the sole discretion of the Offices. If 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 Offices may deem it a breach of this Agreement pursuant to Paragraphs 19-23 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 Offices.

Public Statements

25. 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 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 19-23 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the 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 Offices. If the Offices determine that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Offices 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 Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the 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.

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

27. The Offices 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 Offices are not agreeing to advocate on behalf of the Company, but rather is agreeing to provide facts to be evaluated independently by such authorities.

Limitations on Binding Effect of Agreement

28. This Agreement is binding on the Company and the Offices 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

Offices 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. If the Court refuses to grant exclusion of time under the Speedy Trial Act, 18 U.S.C. § 3161(h)(2), all the provisions of this Agreement shall be deemed null and void, and the Term shall be deemed to have not begun, except that the statute of limitations for any prosecution relating to the conduct described in the Statement of Facts shall be tolled from the date on which this Agreement is signed until the date the Court refuses to grant the exclusion of time plus six months, and except for the provisions contained within Paragraph 2 of this Agreement.

Notice

29. Any notice to the Offices under this Agreement shall be given by electronic mail and/or personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to David Fuhr, Deputy Chief, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue NW, Washington, D.C. 20530. 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, with copies by electronic mail, addressed to Carrie H. Cohen and James M. Koukios, Morrison & Foerster LLP, 250 West 55th Street, New York, NY 10019-9601. Notice shall be effective upon actual receipt by the Fraud Section or the Company.

Complete Agreement

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

AGREED:

FOR THE SCOULAR COMPANY:

Date: 7/17/26

By: ______________________
Tim Manning
Chief Legal Officer
The Scoular Company

Date: 7/17/26

By: ______________________
Carrie H. Cohen
James M. Koukios
Morrison & Foerster LLP

FOR THE DEPARTMENT OF JUSTICE:

Lorinda I. Laryea
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: 7/17/26

By: ______________________
Connor Mullin
Trial Attorney
William E. Schurmann
Assistant Chief

Date: 7/16/26

By: ______________________
Debra Kanof
Assistant U.S. Attorney

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for The Scoular Company (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 Chief Legal Officer for the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: 7/17/2026

The Scoular Company

By: ______________________

Tim Manning
Chief Legal Officer

CERTIFICATE OF COUNSEL

I am counsel for The Scoular Company (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 Chief Legal Officer 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: 7/17/26

By: ______________________________
Carrie H. Cohen
James M. Koukios
Morrison & Foerster LLP
Counsel for The Scoular Company

Sealed documents are no longer available in CM/ECF or via PACER.

Please contact the court directly to request access to the document.

Reference for court use only

https://storage.gtwy.dcn:8443/v1/file/txwd.2542817843.22153189.146314.json

ATTACHMENT A

STATEMENT OF FACTS

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, and the United States Attorney's Office for the Western District of Texas (the "Offices") and The Scoular Company ("Scoular" or the "Company"). The Company hereby agrees and stipulates that the following information is true and accurate. The Company admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Should the Offices pursue the prosecution that is deferred by this Agreement, the Company 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

1. Scoular was a privately held company headquartered in Omaha, Nebraska in the business of processing and transporting agricultural products. Scoular was a "domestic concern" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

2. Scoular Employee 1, a citizen of the United States whose identity is known to the United States and Scoular, was a sales employee at Scoular. Scoular Employee 1 was a "domestic concern" and an "employee" and "agent" of a "domestic concern," Scoular, as those terms are used in the Foreign Corrupt Practices Act (FCPA), Title 15, United States Code, Sections 78dd-2(a) and 78dd-2(h)(1).

3. Scoular Employee 2, a citizen of the United States whose identity is known to the United States and Scoular, was a senior manager at Scoular, who worked with Scoular Employee 1 regarding international sales and shipments of grain into Mexico. Scoular Employee 2 was a "domestic concern" and an "employee" and "agent" of a "domestic concern," Scoular, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-2(a) and 78dd-2(h)(1).

4. Carlos Leopoldo Alvelais, a United States citizen, was the founder and president of Alvelais Forwarding & Logistics, Inc. and Agencia Aduanal Alvelais Alarcón, S.C. Alvelais was a resident of El Paso, Texas, in the Western District of Texas. Alvelais was a customs broker, who worked as an agent for various companies, including Scoular, while located in the Western District of Texas. Alvelais was a "domestic concern," an "officer," "employee," and "agent" of a "domestic concern," Alvelais Forwarding & Logistics, Inc., and an "agent" of a domestic concern, Scoular, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-2(a) and 78dd-2(h)(1).

5. Alvelais Forwarding & Logistics, Inc. ("AFLI") was a company that was owned and controlled by Alvelais, incorporated in Texas, and engaged in the business of freight forwarding. AFLI was a "domestic concern" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

6. Agencia Aduanal Alvelais Alarcón, S.C. ("Alvelais Customs Agency") was a Mexican customs broker that was owned and controlled by Alvelais, providing import, export, transportation, and warehouse services.

7. Customs Agency 1 was a company that was owned and controlled by Customs Executive 1, incorporated in Texas, and engaged in the business of freight forwarding. Customs

Agency 1 was a "domestic concern" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

8. Customs Executive 1 was a resident of the United States whose identity is known to the United States and Scoular, who owned, controlled, and operated Customs Agency 1. Customs Executive 1 was a customs broker who worked as an agent for various companies, including Scoular, while located in the Western District of Texas. Customs Executive 1 was a "domestic concern," an "officer," "employee," and "agent" of a "domestic concern," Customs Agency 1, and an "agent" of a domestic concern, Scoular, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-2(a) and 78dd-2(h)(1).

9. Customs Agency 2 was a company that was owned and controlled by Customs Executive 2, incorporated in Texas, and engaged in the business of freight forwarding. Customs Agency 2 was a "domestic concern" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1)

10. Customs Executive 2 was a resident of the United States whose identity is known to the United States and Scoular, who owned, controlled, and operated Customs Agency 2. Customs Executive 2 was a customs broker who worked as an agent for various companies, including Scoular, while located in the Western District of Texas. Customs Executive 2 was a "domestic concern," an "officer," "employee," and "agent" of a "domestic concern," Customs Agency 2, and an "agent" of a domestic concern, Scoular, as those terms are used in the FCPA, Title 15, United States Code, Sections 78dd-2(a) and 78dd-2(h)(1).

11. The Secretaría de Agricultura y Desarrollo Rural or Secretariat of Agriculture and Rural Development (referred to herein using its former name, "SAGARPA") was the federal government agency of Mexico mandated with regulating the inspection of food and agricultural

products crossing into Mexico. SAGARPA was a "department," and "agency," of Mexico as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A), and its employees were "foreign official[s]" as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A).

12. SAGARPA's Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria or National Service of Health, Food Safety, and Food Quality ("SENASICA") was the Mexican regulatory body responsible for inspecting agricultural products imported into Mexico and ensuring that shipments of such products were properly documented. SENASICA was a "department" and "agency" of Mexico as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A), and its officers and employees were "foreign official[s]," as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A).

Overview of the Scheme

13. During the relevant time period, cross-border train shipments of food and agricultural products from the United States into Mexico underwent an inspection process administered by SAGARPA. These inspections sought to detect the presence of dirt, soil, and other impurities, at times referred to as "suelo," a Spanish word for dirt or soil.

14. In accordance with Mexican law, SAGARPA approval was required before any train was cleared to enter Mexico. If "suelo" was detected during the inspection process, SAGARPA was authorized to delay a train's entry into Mexico, and fumigation and demurrage fees could be incurred.

15. As part of Scoular's business operations, the Company relied on various agents to broker Scoular's shipments of corn and other products through the SAGARPA inspection process at border crossings in the Western District of Texas and elsewhere, including El Paso,

Laredo, and Eagle Pass. These agents included ALVELAIS, AFLI, and Alvelais Customs Agency, as well as Customs Executive 1's and Customs Executive 2's respective companies, Customs Agency 1 and Customs Agency 2 (collectively, the "Customs Brokers").

16. Beginning in or around 2013, Mexican authorities began conducting SAGARPA inspections in a more rigorous manner than had been previously performed, leading to increased "suelo" identification in Scoular's shipments and, accordingly, potentially significant delays and fees associated with fumigation and demurrage.

17. From in or around 2013 and continuing through at least in or around 2019, in the Western District of Texas and elsewhere, Scoular, acting through employees and agents, knowingly and willfully conspired to engage in a scheme in which it corruptly offered to pay, paid, promised to pay, and authorized the payment of bribes to and for the benefit of Mexican government officials, to secure improper advantages in order to obtain and retain business, by avoiding fees and delays that would otherwise have been incurred under Mexican law if Scoular's shipments failed SAGARPA inspections.

18. Specifically, Scoular Employee 1 and Scoular Employee 2 authorized the reimbursement of reinspection fee payments to Alvelais and his companies, while knowing that Alvelais would use such fees, at least in part, to pay bribes to Mexican border officials to ensure that Scoular's trains passed the SAGARPA inspection and continued into Mexico unhindered by the fumigation, demurrage, and other fees that a finding of "suelo" and a failed inspection would incur. Scoular, acting through Scoular Employee 1 and Employee 2, replicated this approach with two other brokers that Scoular used at the border: Customs Agency 1 (run by Customs Executive 1) and Customs Agency 2 (run by Customs Executive 2). These bribes took the form

of cash payments of up to $2,000 per train during the relevant time period, which were to be delivered by the Customs Brokers to Mexican officials at the border.

19. In furtherance of the scheme, Scoular, through Scoular Employee 1 and Scoular Employee 2, communicated and coordinated the scheme with the Customs Brokers, transmitted invoices, and caused payments to be made in interstate and foreign commerce by wire for the purpose of effectuating the corrupt payments.

20. In carrying out the scheme described herein, Scoular engaged in communications with Alvelais and others, relying on email, messaging apps, and other forms of communication that used the means and instrumentalities of interstate commerce.

Establishment and Expansion of the Bribery Scheme

21. In or around June 2013, and in response to the changing SAGARPA enforcement environment and attendant financial risk to Scoular, Alvelais communicated with Scoular Employee 1 and Scoular Employee 2 regarding a method by which Scoular's trains could cross into Mexico unimpeded without being subjected to fumigation, demurrage, and other fees. On or about June 21, 2013, Alvelais emailed Scoular Employee 1 and Scoular Employee 2, describing a proposed "procedure" for Scoular to pay a "fee" on every train to ensure that Scoular would "not have a single risk of adverse determinations from Mexican inspectors."

22. In or around late June 2013, Alvelais traveled to Scoular's office in Kansas to meet with Scoular employees and others, after which meeting Alvelais began paying the above-described fees as bribes to Mexican officials, and issuing invoices to Scoular in order to be reimbursed for those fees. Those invoices identified the bribes as "REVISION SAGARPA PROCESS," generally in round amounts of $2,000.

23. On or about August 12, 2015, an employee of Alvelais notified Scoular Employee 1 by email that "the train covered with invoice 489109 for [a Mexican customer] was received today. During the inspection of SAGARPA, soil was detected in the product. The train has been released and will not have delays. This account will include a charge of 2,000 usd by this issue."

24. On or about October 7, 2015, an employee of Scoular sent a WhatsApp message to Scoular Employee 2, stating that Alvelais "is going to give us a super rate for the [customer] business with the guarantee that no train going to [a Peruvian buyer] from us will get stopped for soils."

25. On or about October 14, 2015, an employee of Alvelais emailed an employee of Scoular in Spanish, which the employee forwarded to Scoular Employee 1 and Scoular Employee 2, copying Alvelais: "Well . . . it's ready . . . yesterday I reviewed it with Mr. Alvelais in the afternoon. According to the rates we have established with you, the cost of imports would be as follows:

> Fees .08% on customs value
> 2,500,000.00 usd (average value x shipment) 2,000.00 usd.
> 350.00 usd (Rights, analysis, permit process, prevalidator, COVE)
>
> Dispatch of merchandise in the presence of soil (Sagarpa)
> 2,000.00 usd per shipment.

26. On or about October 28, 2015, Scoular Employee 1 emailed Scoular Employee 2 and others an "FYI" that the "Mexican broker continues to do whatever is possible to get [a shipment] moving, but the inspector's bosses are still in town, and 'normal procedures' are not working."

27. On or about August 19, 2018, in an exchange in Spanish about the detection of "pests" in a shipment, an employee of Alvelais sent an email to Scoular Employee 1, stating "[w]e've already offered more than we normally give and they haven't accepted it."

28. In response to the email referenced in paragraph 27, on or about August 19, 2018, Scoular Employee 1 asked the employee of Alvelais, "But for insects, you just put the right fumigation on, and you know, no? Why are you asking for double? If it's fixed for soil . . ."

29. In response to the email referenced in paragraph 28, on or about August 19, 2018, the employee of Alvelais emailed Scoular Employee 1, stating "I think it's the end of the six-year term [in office]. They're taking advantage of the last remaining [days in office]."

30. On or about May 2, 2019, an employee of Alvelais, while in the Western District of Texas, sent by email an invoice from AFLI to Scoular, dated April 15, 2019, that itemized a "SAGARPA process" fee in the amount of $3,000, which Scoular promptly paid.

31. On or about March 14, 2019, an employee of Customs Agency 1 sent by email an invoice from Customs Agency 1 to Scoular, dated March 4, 2019, that itemized an "Other[] Inspection" fee in the amount of $1,750, which Scoular promptly paid.

32. On or about June 17, 2019, an employee of Customs Agency 2 sent by email an invoice from Customs Agency 2 to Scoular, dated June 17, 2019, that included a "SERVICIOS DE SAGAR" fee in the amount of 35,000 Mexican Pesos (the equivalent of approximately $1,835 USD), which Scoular promptly paid.

33. In or around 2019, following certain internal reports alleging improper business practices in connection with the SAGARPA fees, Scoular altered its business practices for grain shipments into Mexico, and the Company terminated direct engagement with customs brokers such as Alvelais, Customs Executive 1, and Customs Executive 2.

34. In sum, between in or around 2015 and 2019, and in connection with the bribery scheme described above, Scoular authorized the payment of bribes in the amount of $414,351 to Mexican officials at the border, in order to bypass SAGARPA inspections and ensure unhindered passage of its trains into Mexico. These bribes enabled the Company to avoid total demurrage and related costs of approximately $6,513,014.

ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, The Scoular Company (the "Company") has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Western District of Texas (the "Offices") regarding issues arising in relation to certain improper payments to foreign officials to assist in obtaining and retaining business for the Company; and

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

WHEREAS, the Company's Chief Legal Officer, Tim Manning, 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 Offices;

Therefore, the Board of Directors has RESOLVED that:

1. The Company (a) acknowledges the filing of the one-count Information charging the Company with a violation of 18 U.S.C. § 371; (b) waives indictment on such charges and enters into a deferred prosecution agreement with the Offices; (c) agrees to accept a monetary penalty against Company totaling $9,769,521, and to pay such penalty to the United States Treasury with respect to the conduct described in the Information; and (d) agrees to pay $414,351 in forfeiture 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 Western District of Texas; 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 Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

3. The Chief Legal Officer of the Company, Tim Manning, 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 Chief Legal Officer of the Company, Tim Manning, may approve;

4. The Chief Legal Officer of the Company, Tim Manning, 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 Chief Legal Officer of the Company, Tim Manning, 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: 7/17/2026

By: ______________________________
Corporate Secretary
The Scoular Company

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-2, *et seq.*, and other applicable anti-corruption laws, The Scoular Company (the "Company") agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

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

Commitment to Compliance

1. The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to compliance with its corporate policy against violations of the anti-corruption laws, its compliance policies, and its Code of Conduct, and demonstrate rigorous support for compliance principles via their actions and words.

2. The Company will ensure that mid-level management throughout its organization reinforce leadership's commitment to compliance policies and principles and encourage employees to abide by them. The Company will create and foster a culture of ethics and compliance with the law in their day-to-day operations at all levels of the Company.

Periodic Risk Assessment and Review

3. The Company will implement a risk management process to identify, analyze, and address the individual circumstances of the Company, in particular the foreign bribery risks facing the Company.

4. On the basis of its periodic risk assessment, the Company shall take appropriate steps to design, implement, or modify each element of its compliance program to reduce the risk of violations of the anti-corruption laws, its compliance policies, and its Code of Conduct.

Policies and Procedures

5. The Company will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA and other applicable anti-corruption laws (collectively, the "anti-corruption laws,"), which shall be memorialized in a written compliance policy or policies.

6. The Company will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Company's compliance policies and Code of Conduct, and the Company will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Company. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where

necessary and appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including all 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.

7. 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.

8. The Company shall review its anti-corruption compliance policies and procedures as necessary to address changing and emerging risks and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Independent, Autonomous, and Empowered Oversight

9. The Company will assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company's anti-corruption compliance 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 Company's Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources, authority, and support from senior leadership to maintain such autonomy.

Training and Guidance

10. The Company will implement mechanisms designed to ensure that its Code of Conduct and anti-corruption compliance 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) metrics for

measuring knowledge retention and effectiveness of the training. The Company will conduct training in a manner tailored to the audience's size, sophistication, or subject matter expertise and, where appropriate, will discuss prior compliance incidents.

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

Confidential Reporting Structure and Investigation of Misconduct

12. 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 Company's Code of Conduct or anti-corruption compliance policies and procedures and protection of directors, officers, employees, and, where appropriate, agents and business partners who make such reports.

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

Compensation Structures and Consequence Management

14. The Company will implement clear mechanisms amongst all directors, officers, employees, and, where necessary and appropriate, parties acting on behalf of the Company, to

incentivize behavior that complies with the Company's corporate policy against violations of the anti-corruption laws, its compliance policies, and its Code of Conduct. These incentives shall include, but shall not be limited to, the implementation of criteria related to compliance in the Company's compensation and bonus system.

15. The Company will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Company's Code of Conduct and anti-corruption compliance 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, Code of Conduct, and compliance policies and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Management

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

a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. informing agents and business partners of the Company's commitment to abiding by anti-corruption laws, and of the Company's Code of Conduct and anti-corruption compliance policies and procedures; and

c. seeking a reciprocal commitment from agents and business partners.

17. The Company will understand and record the business rationale for using a third party in a transaction, and will conduct adequate due diligence with respect to the risks posed by a third-party partner such as a third-party partner's reputations and relationships, if any, with foreign officials. The Company will ensure that contract terms with third parties specifically describe the services to be performed, that the third party is actually performing the described work, and that its compensation is commensurate with the work being provided in that industry and geographical region. The Company will engage in ongoing monitoring and risk management of third-party relationships through updated due diligence, training, audits, and/or annual compliance certifications by the third party.

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

Mergers and Acquisitions

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

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

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 10 above on the anti-corruption laws and the Company's compliance policies and procedures regarding anti-corruption laws;

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

c. where warranted, establish a plan to integrate the acquired businesses or entities into the Company's enterprise resource planning systems as quickly as practicable.

Monitoring and Testing

21. The Company will conduct periodic reviews and testing of all elements of its compliance program to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Company's Code of Conduct and anti-corruption compliance policies and procedures, taking into account relevant developments in the field and evolving international and industry standards.

22. The Company will ensure that compliance and control personnel have sufficient direct or indirect access to relevant sources of data to allow for timely and effective monitoring and/or testing of transactions.

Analysis and Remediation of Misconduct

23. The Company will conduct a root cause analysis of misconduct, including prior misconduct, to identify any systemic issues and/or any control failures. The Company will timely and appropriately remediate the root causes of misconduct. The Company will ensure that root causes, including systemic issues and controls failures, and relevant remediation are shared with management as appropriate.

ATTACHMENT D

COMPLIANCE REPORTING REQUIREMENTS

The Scoular Company (the "Company") agrees that it will report to the United States Department of Justice, Criminal Division, Fraud Section and the U.S. Attorney's Office for the Western District of Texas (the "Offices") periodically. During the Term, the Company shall review, test, and update its compliance program and internal controls, policies, and procedures described in Attachment C. The Company shall be required to: (i) conduct an initial ("first") review and submit a first report and (ii) conduct and prepare at least two follow-up reviews and reports, as described below. Prior to conducting each review, the Company shall be required to prepare and submit a workplan for the review.

In conducting the reviews, the Company shall undertake the following activities, among others: (a) inspection of relevant documents, including the Company's current policies, procedures, and training materials concerning compliance with the FCPA and other applicable anti-corruption laws; (b) inspection and testing of the Company's systems procedures, and internal controls, including record-keeping and internal audit procedures at sample sites; (c) meetings with, and interviews of, relevant current and, where appropriate, former directors, officers, employees, business partners, agents, and other persons; and (d) analyses, studies, and comprehensive testing of the Company's compliance program.

Written Work Plans, Reviews and Reports

a. The Company shall conduct a first review and prepare a first report, followed by at least two follow-up reviews and reports.

b. Within sixty (60) calendar days of the date this Agreement is executed, the Company shall, after consultation with the Offices, prepare and submit a written work plan to address the Company's first review. The Offices shall have thirty (30) calendar days after receipt of the written work plan to provide comments. If the Offices do not approve the initial work plan, the Company shall have fourteen (14) days to provide a revised work plan to the Offices for review and approval.

c. With respect to each follow-up review and report, after consultation with the Offices, the Company shall prepare a written work plan within forty-five (45) calendar days of the submission of the prior report, and the Offices shall provide comments within thirty (30) calendar days after receipt of the written work plan.

d. All written work plans shall identify with reasonable specificity the activities the Company plans to undertake to review and test each element of its compliance program, as described in Attachment C.

e. Any disputes between the Company and the Offices with respect to any written work plan shall be decided by the Offices in their sole discretion.

f. No later than one year from the date this Agreement is executed, the Company shall submit to the Offices a written report setting forth: (1) a complete description of its remediation efforts to date; (2) a complete description of the testing conducted to evaluate the effectiveness of the compliance program and the results of that testing; and (3) its proposals to ensure that its compliance program is reasonably designed, implemented, and enforced so that the program is effective in deterring and detecting violations of the FCPA and other applicable anti-corruption laws. The report shall be transmitted to:

Deputy Chief – FCPA Unit
Deputy Chief – CEC Unit
Criminal Division, Fraud Section
U.S. Department of Justice
1400 New York Avenue, NW
Bond Building, Eleventh Floor

Washington, DC 20005

The Company may extend the time period for issuance of the first report with prior written approval of the Offices.

Follow-up Reviews and Reports

g. The Company shall undertake at least two follow-up reviews and reports, incorporating the views of the Offices on the Company's prior reviews and reports, to further monitor and assess whether the Company's compliance program is reasonably designed, implemented, and enforced so that it is effective at deterring and detecting violations of the FCPA and other applicable anti-corruption laws.

h. The first follow-up ("second") review and report shall be completed by no later than one year after the first report is submitted to the Offices.

i. The second follow-up ("third") report shall include a plan for ongoing improvement, testing, and review of the compliance program to ensure the sustainability of the program. The third report shall be completed and delivered to the Offices no later than thirty (30) days before the end of the Term.

j. The Company may extend the time period for submission of any of the follow-up reports with prior written approval of the Offices.

Confidentiality of Submissions

g. Submissions by the Company, including the work plans and reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the submissions could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the submissions 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 the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

ATTACHMENT E

CERTIFICATION

To: United States Department of Justice
Criminal Division, Fraud Section
Attention: Chief of the Fraud Section

United States Department of Justice
United States Attorney's Office for the
Western District of Texas
Attention: United States Attorney, Western District of Texas

Re: Deferred Prosecution Agreement Disclosure Certification

The undersigned certify, pursuant to Paragraph 24 of the deferred prosecution agreement ("the Agreement") filed on ____________ in the United States District Court for the Western District of Texas, by and between the United States of America and The Scoular Company (the "Company"), that undersigned are aware of the Company's disclosure obligations under Paragraph 6 of the Agreement, and that the Company has disclosed to the United States Department of Justice, Criminal Division, Fraud Section (the "Fraud Section") and the U.S. Attorney's Office for the Western District of Texas (collectively, the "Offices") any and all evidence or allegations of conduct required pursuant to Paragraph 6 of the Agreement, which includes evidence or allegations of any violation of the Foreign Corrupt Practices Act ("FCPA") anti-bribery provisions or the Foreign Extortion Prevention Act ("FEPA") committed by the Company's employees or agents ("Disclosable Information"). This obligation to disclose information extends to any and all Disclosable Information that has been identified through the Company's compliance and controls program, whistleblower channel, internal audit reports, due diligence procedures, investigation process, or other processes. The undersigned further acknowledge and agree that the reporting requirements contained in Paragraph 6 and the representations contained in this certification constitute a significant and important component of the Agreement and of the Offices' determination whether the Company has satisfied its obligations under the Agreement.

The undersigned hereby certify that they are the Chief Executive Officer and the Chief Financial Officer of the Company, respectively, and that each has been duly authorized by the Company to sign this Certification on behalf of the Company.

This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the Western District of Texas. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C. § 1519, and such record, document, or tangible object shall be deemed to have been made in the Western District of Texas.

Date: ____________________ Name (Printed): ________________________________

Name (Signed): ________________________________
Chief Executive Officer
The Scoular Company

Date: ____________________ Name (Printed): ________________________________

Name (Signed): ________________________________
Chief Financial Officer
The Scoular Company

ATTACHMENT F

COMPLIANCE CERTIFICATION

To: United States Department of Justice
Criminal Division, Fraud Section
Attention: Chief of the Fraud Section

United States Department of Justice
United States Attorney's Office
Western District of Texas
Attention: United States Attorney, Western District of Texas

Re: Deferred Prosecution Agreement Compliance Certification

The undersigned certify, pursuant to Paragraph 15 of the Deferred Prosecution Agreement filed on ______________, in the United States District Court for the Western District of Texas, by and between the United States of America and The Scoular Company (the "Company") (the "Agreement"), that the undersigned are aware of the Company's compliance obligations under Paragraphs 13 and 14 of the Agreement, and that, based on a review of the Company's reports submitted to the Department of Justice, Criminal Division, Fraud Section and United States Attorney's Office for the Western District of Texas pursuant to Paragraph 15 of the Agreement, the reports are true, accurate, and complete.

In addition, the undersigned certify that, based on the undersigned's review and understanding of the Company's anti-corruption compliance program, the Company has implemented an anti-corruption compliance program that meets the requirements set forth in Attachment C to the Agreement. The undersigned certifies that such compliance program is reasonably designed to detect and prevent violations of the anti-corruption laws throughout the Company's operations.

The undersigned hereby certify that they are respectively the Chief Executive Officer

("CEO") of the Company and the Chief Legal Officer ("CLO") of the Company and that each has been duly authorized by the Company to sign this Certification on behalf of the Company.

This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the Western District of Texas. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C. § 1519, and such record, document, or tangible object shall be deemed to have been made in the Western District of Texas.

Date: ____________________ Name (Printed): ________________________________

Name (Signed): ________________________________
Chief Executive Officer
The Scoular Company

Date: ____________________ Name (Printed): ________________________________

Name (Signed): ________________________________
Chief Legal Officer
The Scoular Company