

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the California Air Resources Board (CARB), with its principal office at 1001 I Street, Sacramento, California, and Tirox with its principal place of business at 3045 Southcreek Road, Unit #19, Mississauga, Ontario L4X 2X6.

RECITALS

1. The Consumer Product Regulation, title 17, California Code of Regulations, section 94507 et seq. (17 CCR section 94507 et seq.) applies to any person who sells, supplies, offers for sale, or manufactures consumer products for use in California.
2. 17 CCR section 94509(a) sets forth in the Table of Standards the percentage by weight of allowed volatile organic compounds (VOC) for the general purpose degreaser category sold after December 31, 2010. General purpose degreaser must meet the 10 percent standard for VOC.
3. Failure to comply with the Consumer Products Regulation is a violation of state law resulting in penalties. Among other penalties, Health and Safety Code (H&SC) sections 42400-42403 authorize strict liability penalties up to \$10,000 for each day that the violation occurs.
4. CARB alleges that Tirox sold, supplied, and offered for sale in California, Tirox Chain Clean 360 that is subject to the VOC limit for the general purpose degreaser category specified in 17 CCR section 94509(a).
5. CARB alleges that the Tirox Chain Clean 360 product referenced in Recitals paragraph 4 contained concentrations of VOCs exceeding the 10 percent VOC limit for the general purpose degreaser category specified in 17 CCR section 94509(a).
6. CARB alleges that if the allegations described in Recitals paragraphs 4 and 5 were proven, civil penalties could be imposed against Tirox as provided in H&SC section 42402 et seq. for each and every unit involved in the violations.
7. Tirox admits the allegations described in Recitals paragraphs 4 and 5, but denies any liability resulting from said allegations.
8. In consideration of the foregoing, and of the promises and facts set forth herein, the Parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed alleged violation and voluntarily agree to resolve this matter by means of this Agreement, without the need for formal litigation. Tirox has taken, or agrees to take, the actions enumerated below within the Terms and

Conditions. CARB accepts this Agreement in termination and settlement of this matter.

TERMS AND CONDITIONS

In consideration of CARB not filing a legal action against Tirox for the violations referred to above, CARB and Tirox agree as follows:

9. Tirox shall not manufacture, sell, supply, or offer for sale in California, any consumer products in violation of CARB consumer products regulations set forth in 17 CCR section 94500 et seq.; the terms and conditions set forth in this Agreement will remain valid and enforceable notwithstanding any future violations that may occur.
10. Tirox, in settlement of the above-described violations of 17 CCR section 94507 et seq., agrees to pay a penalty to CARB in the amount of \$3,000 payable to the California Air Pollution Control Fund, concurrent with the execution of this Agreement. Payment and the signed Agreement shall be mailed to the address specified on the Payment Transmittal Form enclosed with this Agreement.
11. This Agreement shall apply to and be binding upon Tirox and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this settlement.
12. The parties stipulate that this Agreement shall be the final resolution of CARB claims regarding the above-described violations and shall have the same res judicata effect as a judgment in terms of acting as a bar to any civil action by CARB against Tirox, its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations. This Agreement shall be deemed the recovery of civil penalties for purposes of precluding subsequent criminal action as provided in H&SC section 42400.7(a).
13. This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice of law rules.
14. This Agreement constitutes the entire agreement and understanding between CARB and Tirox concerning the claims and settlement in this Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and agreements of any kind or nature, whether written or oral, between CARB and Tirox concerning these claims.
15. The Effective Date of this Agreement shall be the date upon which it is fully executed.

Final penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, the consideration of past penalties in similar negotiated cases, and the potential cost and risk associated with litigating these particular violations. The penalty reflects violations extending over a number of days resulting in quantifiable harm to the environment considered together with the complete circumstances of this case. Penalties in future cases might be smaller or larger on a per ton basis.

The final penalty in this case was based in part on confidential financial information or confidential business information provided by Tirox that is not retained by CARB in the ordinary course of business. The penalty in this case was also based on confidential settlement communications between CARB and Tirox that CARB does not retain in the ordinary course of business. The penalty also reflects CARB's assessment of the relative strength of its case against Tirox, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that Tirox may have secured from its actions.

Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.

The Consumer Product Regulations do not prohibit emissions above a specified level, but they do limit the concentration of VOCs in regulated products. In this case a quantification of the excess emissions attributable to the violations was practicable because Tirox made the product formulation and sales data necessary to make this quantification available to CARB. Based upon this information (which Tirox has designated as confidential), the violations were calculated to have 211 pounds of excess VOC emissions emitted in California.

21. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be illegal, invalid, or unenforceable in any jurisdiction, the remainder of this Agreement remains in full force and effect.
22. The undersigned represent that they have full power and authority to enter into this Agreement.

ACKNOWLEDGED AND ACCEPTED BY:

California Air Resources Board

By: 
Name: Dr. Todd P. Sax
Title: Chief, Enforcement Division
Date: 5/22/18

Tirox

By: 
Name: Basil Andrews
Title: President
Date: April 16/2018