

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the California Air Resources Board (CARB), with its principal location at 1001 I Street, Sacramento, California 95814; and The TJX Companies, Inc. (TJX), with its principal location at 770 Cochituate Road, Framingham, Massachusetts, (collectively, the "Parties," or individually, "Party").

LEGAL BACKGROUND

- (1) Purpose. The California Health and Safety Code mandates the reduction of the emission of toxic air contaminants (TAC). CARB has determined that formaldehyde emissions from composite wood products is a TAC. (Health & Safety Code §§ 39650, et seq.)
- (2) Regulation. CARB adopted the *Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products* (Composite Wood Regulation) to reduce formaldehyde emissions from composite wood in the State of California. (Cal. Code Regs., tit.17, § 93120-93120.12.)
- (3) Regulatory Provisions. All manufacturers, distributors, importers, fabricators, and retailers of composite wood products (hardwood plywood, particleboard, and medium density fiberboard) and finished goods that contain composite wood products, who sell, offer for sale, supply, use, or manufacture for sale in California must comply with and take reasonably prudent precautions to ensure composite wood products and finished products that contain composite wood products comply with formaldehyde emissions limits set out in the Composite Wood Regulation and must provide a statement of compliance on either the invoice or bill of lading to their customers. (Cal. Code Regs., tit. 17, § 93120 et seq.)
- (4) Penalty Provisions. Failure to comply with the regulatory requirements is a violation of state law that may result in penalties up to ten thousand dollars (\$10,000) for strict liability violations; respectively, for each day in which the violation occurs. (Cal. Code Regs., tit. 17, § 93120 et seq.; Health & Safety Code §§ 39674, 39675, 42400 et seq., 42402 et seq., and 42410.)

CASE BACKGROUND

- (5) Corporate Entity. At all relevant times, TJX was organized under the laws of Delaware as a corporation and conducted business in California.
- (6) Allegations. This Settlement Agreement settles Notice of Violation (NOV) CW20-04-01, which was issued on April 8, 2020. CARB alleges TJX violated the Composite Wood Regulation by importing, selling, and offering for sale between January 2016 and April 2019, finished goods made of medium density fiberboard (MDF) or thin medium density fiberboard (thin MDF), that exceeded the maximum

formaldehyde emission standards of 0.11 ppm and 0.13 ppm, respectively, and TJX did not take reasonable prudent precautions to ensure the products comply with the Composite Wood Regulation, as outlined in Notice of Violation CW20-04-01. These products are: Leo Arts-Round Mirror (SKU 098355), Relation Frame Co.-Grey Storage Unit (SKU 018313), Miglani Exports-Dog Gate (SKU 529763), World Traveler Decorative Box (SKU 037987), Rachel Ashwell White Decorative Tray (SKU 115864), UMA Enterprises-Room Partition (SKU 094666), India Inde White Wall Medallion (SKU 357421), Sparkling Hues Gems-White Wall Décor (SKU 045343), MyMela White Shelf (SKU 148404), Casa Décor Grey Shelf (SKU 047074), India Inde Mirrored Medallion (SKU 044814), Icon International-White Wall Medallion (SKU 062252), Leo Arts-Rectangle Mirror (SKU 099266), Ahmad Brass Corp.-Mosaic Table (SKU 000813), Sparkling Hues Gems-White/Brown Stool (SKU 106574), Galleon Industries-Teal Footstool (SKU 100762), Sixtrees-"Liberty" Sign (SKU 032771), The Reclaimed Collection-Round Side Table (SKU 040820), Welland Side Table (SKU 035847), Brewster Home Fashions-Codie 2 Piece Medallion Set (SKU 198073), Brewster Home Fashions-Deja White Wall Medallion (SKU 764552), Brewster Home Fashions-Seth White Shelf (SKU 020167), Brewster Home Fashions-Mia Grey Medallion (SKU 101699), Brewster Home Fashions-Donara White Picture Frame (SKU 049190), and Brewster Home Fashions-Resil Wall Medallion (SKU 014632). CARB further alleges that TJX violated the Composite Wood Regulation by importing, selling, and offering for sale the following products without taking reasonable prudent precautions to ensure compliance with the Composite Wood Regulation: Moover Toys ApS Stroller (SKU 058510), Moover Toys ApS Crib (SKU 018575), Famous Art and Antiques International-Brown Framed Mirror (SKU 018172), and KSB Designs-White Reflective Tray (SKU 204040). CARB alleges that if the allegations described in Paragraph 6 were proven, civil penalties could be imposed against TJX for each and every product involved in the violations and each day.

- (7) Acknowledgment. TJX admits to the facts in Paragraphs 5 and 6, but denies any liability resulting from said allegations.
- (8) Consideration. 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 violations and voluntarily agree to resolve this matter by means of this Settlement Agreement. In order to resolve the violations described herein, TJX has taken, or agrees to take, the actions enumerated below within the Terms and Conditions. Further, CARB accepts this Settlement Agreement in termination and full settlement of this matter.

TERMS AND CONDITIONS

In consideration of CARB not filing a legal action against TJX for the alleged violations referred to above in the Legal Background and Case Background, and TJX agreement to complete all terms and conditions set forth below, CARB and TJX agree as follows:

- (9) Settlement Amount. TJX shall pay a civil penalty of one hundred ninety-three thousand five hundred and seven dollars (\$193,507.00 USD). TJX shall make all payments within 30 calendar days from the date CARB notifies TJX of the full execution of the Settlement Agreement.
- (10) Civil Penalty Payment Method. TJX shall pay the civil penalty by check, credit card, wire transfer, or portal, payable to CARB, using instructions provided separately by CARB in a Payment Transmittal Form. TJX is responsible for all payment processing fees. Payments shall be accompanied by the Payment Transmittal Form to ensure proper application. CARB shall deposit the civil penalty amount into the Air Pollution Control Fund for the purpose of carrying out CARB's duties and functions to ensure the integrity of its air pollution control programs. Should payment instructions change, CARB will provide notice to TJX in accordance with Paragraph 12 (Notices).
- (11) Documents. TJX shall promptly email or mail the signed and dated Settlement Agreement, to the address or email in Paragraph 12 (Notices).
- (12) Notices. Unless otherwise specified in this Settlement Agreement, whenever notifications, submissions, or communications are required by this Settlement Agreement, they shall be submitted in writing to the address or email below:

As to CARB:
California Air Resources Board
Enforcement Division / Settlement Agreements
Consumer Products Enforcement Section
P.O. Box 2815
Sacramento, California 95812-2815
Settlement_Agreement@arb.ca.gov

The TJX Companies, Inc. Settlement Agreement
Notice of Violation: CW20-04-01

As to TJX:
Ms. Jennifer Peoples
770 Cochituate Road
Framingham, Massachusetts 01701
jennifer_peoples@tjx.com

Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above. Notices submitted pursuant to this section shall be deemed submitted upon emailing or mailing.

- (13) Recovery of Costs. If the Attorney General files a civil action to enforce this Settlement Agreement, TJX shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorneys' fees, and costs.
- (14) Repeat Violations. TJX agrees to comply with all regulatory requirements and acknowledges that repeat violations could result in increased penalties in the future.
- (15) Entirety. This Settlement Agreement constitutes the entire agreement and understanding between the Parties concerning the Case Background, and supersedes and replaces any and all prior negotiations and agreements of any kind, whether written or oral, between the Parties concerning the Case Background hereof. This Settlement Agreement consists of 7 pages and 33 paragraphs.
- (16) Binding Effect. This Settlement Agreement binds TJX principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations and CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Settlement Agreement.
- (17) Effective Date. The effective date shall be the date upon which this Settlement Agreement is fully executed.
- (18) Modification and Termination. No agreement to modify, amend, extend, supersede, terminate, or discharge this Settlement Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all Parties to this Settlement Agreement.
- (19) Severability. Each provision of this Settlement Agreement is severable, and in the event that any provision of this Settlement Agreement is held to be illegal, invalid or unenforceable in any jurisdiction, the remainder of this Settlement Agreement remains in full force and effect.

- (20) Choice of Law. This Settlement 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.
- (21) Non-Discharge. It is further agreed that the penalties described in this Settlement Agreement are non-dischargeable under United States Code, title 11, section 523(a)(7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty, or forfeiture payable to and for the benefit of a governmental unit.
- (22) Not Tax Deductible. For purposes of this Settlement Agreement, TJX shall not deduct any monies spent to comply with any provision of this Settlement Agreement in calculating and submitting its federal, state, or local income tax.
- (23) Rules of Construction. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Settlement Agreement.
- (24) Non-Waiver. The failure to enforce any provision of this Settlement Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Settlement Agreement. The rights and remedies granted all Parties herein are cumulative and the election of one right or remedy by a Party shall not constitute a waiver of such Party's right to assert all other legal remedies available under this Settlement Agreement or otherwise provided by law.
- (25) Intent to be Bound. The Parties represent that: They have participated fully in the review and drafting of this Settlement Agreement; understand and accept all terms; enter into this Settlement Agreement freely and voluntarily; have had an opportunity to consult with legal counsel; are fully informed of the terms and effect of this Settlement Agreement; have agreed to this Settlement Agreement after independent investigation and agree it was not arrived at through fraud, duress, or undue influence; and knowingly and voluntarily intend to be legally bound by this Settlement Agreement.
- (26) Venue. The Superior Court of California, located in the County of Sacramento, shall hear any dispute between the Parties arising from this Settlement Agreement.
- (27) Counterparts and Electronic Signatures. This Settlement Agreement may be executed in counterparts. Electronic, facsimile or photocopied signatures shall be considered as valid signatures.

- (28) Release. In consideration of the full completion of civil penalty, and all other undertakings above, CARB hereby releases TJX and its principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations, from any claims CARB may have based on the circumstances described in all paragraphs contained in the Case Background above.
- (29) Authority. The undersigned represents that he or she has full authority to enter into this Settlement Agreement.

PENALTY BASIS

- (30) Per Unit Penalty. The strict liability per unit penalty in this case is a maximum of ten thousand dollars (\$10,000.00) per day under Health and Safety Code section 39674, for violations of the Composite Wood Regulation. The penalty of \$193,507 is for 78 days of violation. The penalty in this case is approximately \$2,481 per noncompliant day.
- (31) Emissions. The provisions cited above do prohibit emissions above a specified level. CARB alleges in Paragraph 6 that the specified products contained concentrations of formaldehyde exceeding the limit. In this case, a quantification of the excess emissions attributable to the violations was not practicable because the information necessary to do so, such as emissions rates and time of use, is not available.
- (32) Aggravating and Mitigating Factors. The penalties in this matter were determined in consideration of all relevant circumstances, including statutory factors as described in CARB's Enforcement Policy. CARB considered whether the violator came into compliance quickly and cooperated with the investigation; the extent of harm to public health, safety and welfare; nature and persistence of the violation, including the magnitude of the excess emissions; compliance history; preventative efforts taken; innovative nature and the magnitude of the effort required to comply, and the accuracy, reproducibility, and repeatability of the available test methods; efforts to attain, or provide for, compliance prior to violation; action taken to mitigate the violation; financial burden to the violator; voluntary disclosure and any other relevant circumstances. The penalties are set at levels sufficient to deter violations, to remove any economic benefit or unfair advantage from noncompliance, to obtain swift compliance, and the potential costs, risks, uncertainty associated with litigation and any other relevant circumstances. Penalties in future cases might be smaller or larger depending on the unique circumstances of the case.

(33) Confidential Business Information. CARB based this penalty in part on confidential business information provided by TJX and confidential settlement communications, neither of which are retained by CARB in the ordinary course of business.

ACKNOWLEDGED AND ACCEPTED BY:

California Air Resources Board

Signature: _____ /S/ _____

Name: Richard W. Corey

Title: Executive Officer

Date: 11/30/2020 _____

The TJX Companies, Inc.

Signature: _____ /S/ _____

Name: Jennifer A. Peoples _____

Title: VP Legal, Litigation & Regulatory Counsel _____

Date: 11/20/2020 _____