

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 Schlosser Forge Company, with its principal location at 11711 Arrow Route, Rancho Cucamonga, California 91730 (collectively, the "Parties," or individually, "Party").

LEGAL BACKGROUND

- (1) Purpose. The Global Warming Solutions Act of 2006 mandates CARB to adopt regulations to reduce greenhouse gas emissions and to enforce those regulations. (Health & Saf. Code §§ 38560, 38562, and 38580.)
- (2) Regulation. CARB adopted the *Mandatory Greenhouse Gas Emissions Regulation* (MRR Regulation) to create a greenhouse gas inventory that supports critical greenhouse gas reduction regulations, such as the Cap-and-Trade Regulation. (Cal. Code Regs., tit.17, § 95100 et seq.)
- (3) Regulatory Provisions. Facility operators, suppliers, or electric power entities (collectively Reporting Entities) must monitor emissions and submit an emissions data report to CARB that contains emissions and product data that is complete, accurate, and certified by April 10th of each calendar year. (Cal. Code Regs., tit.17, § 95103.)
- (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 nine hundred ten dollars (\$10,910.00 USD) for strict liability violations, for each day in which the violation occurs. (Cal. Code Regs., tit. 17, § 95107; Health & Saf. Code §§ 38580, 42400 et seq., 42402 et seq., and 42410.)

CASE BACKGROUND

- (5) Corporate Entity. At all relevant times, Schlosser Forge Company was organized under the laws of California as a Corporation and conducted business in the State of California.
- (6) Allegations. This Settlement Agreement resolves Notice of Violation (NOV) ARB ID 104358 which was issued on November 22, 2022. CARB alleges that at all relevant times, Schlosser Forge Company was a reporting entity as defined by the MRR Regulation and for the Reporting Period 2019. CARB further alleges that Schlosser Forge Company erroneously over-reported covered product data (Cal. Code Regs., tit.17, § 95120(d)) by inadvertently including product data from a facility operating at another Schlosser Forge Company facility located in Verdi, Nevada that did not conform to the requirements of the MRR Regulation as outlined in the Notice of Violation ARB ID 104358. (Cal. Code Regs., tit.17, §

95100 et seq.) Schlosser Forge Company independently identified the discrepancy and voluntarily self-reported the error to CARB on or about July 7, 2021. CARB alleges that if paragraphs 1 through 6 of this Settlement Agreement were proven, civil penalties could be imposed against Schlosser Forge Company for each day in violation.

- (7) Acknowledgment. Schlosser Forge Company admits to the facts in paragraphs 1 through 6 but denies any liability resulting from said allegations in paragraph 6.
- (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, Schlosser Forge Company 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 and final settlement and resolution of this matter.

TERMS AND CONDITIONS

In consideration of CARB not filing further administrative or legal actions against Schlosser Forge Company for the alleged violations referred to above in the Legal Background and Case Background, and Schlosser Forge Company's agreement to complete all terms and conditions set forth below, CARB and Schlosser Forge Company agree as follows:

- (9) Settlement Amount. Schlosser Forge Company shall pay a civil penalty of twenty-four thousand five hundred forty dollars (\$24,540.00 USD). Schlosser Forge Company shall make this payment within sixty (60) calendar days from the date CARB notifies Schlosser Forge Company, in accordance with paragraph 12 below, of the full execution of the Settlement Agreement.
- (10) Civil Penalty Payment Method. Schlosser Forge Company 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. Schlosser Forge Company 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.
- (11) Documents. Schlosser Forge Company shall deliver the signed and dated Settlement Agreement directly to the CARB Enforcement Division Investigator handling the settlement or may mail it to the address in Paragraph 12 (Notices). Schlosser Forge Company shall email confirmation of payment of the penalty with a copy of the Payment Transmittal Form to the email address 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
Field Operations Branch
Short Lived Climate Pollutant Enforcement Section
P.O. Box 2815
Sacramento, California 95812-2815
Settlement_Agreement@arb.ca.gov

As to Schlosser Forge Company:

Schlosser Forge Company
11711 Arrow Route
Rancho Cucamonga, California 91730
emily.lewis@howmet.com
stuart.rowbottom@howmet.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 on the delivery date indicated by overnight courier.

- (13) Repeat Violations. Schlosser Forge Company acknowledges that repeat violations could result in increased penalties in the future.
- (14) Entirety. This Settlement Agreement constitutes the entire agreement and understanding between the Parties concerning settlement of 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 settlement of the Case Background hereof. This Settlement Agreement consists of 7 pages and 32 paragraphs.
- (15) Binding Effect. This Settlement Agreement binds Schlosser Forge Company, and any principals, officers, receivers, trustees, successors and assignees, and CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Settlement Agreement.
- (16) Effective Date. The effective date shall be the date of last signature of this Settlement Agreement.
- (17) 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.

- (18) 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.
- (19) 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.
- (20) 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.
- (21) 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.
- (22) 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.
- (23) 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.
- (24) Venue. The Superior Court of California, located in the County of Sacramento, shall hear any dispute between the Parties arising from this Settlement Agreement.
- (25) Counterparts and Electronic Signatures. This Settlement Agreement may be executed in counterparts. Electronic, facsimile or photocopied signatures shall be considered as valid signatures.

- (26) Release. In consideration of full payment of civil penalty as set forth in paragraph 9, and all other undertakings above, CARB hereby releases Schlosser Forge Company and its principals, officers, receivers, trustees, successors and assignees, from any claims CARB may have based on the circumstances described in all paragraphs contained in the Notice of Violation (NOV) ARB ID 104358 and the Case Background above.
- (27) Authority. The undersigned represents that he or she has full authority to enter into this Settlement Agreement.

PENALTY BASIS

- (28) Per Unit Penalty. The per unit penalty in this case is a maximum of ten thousand nine hundred ten dollars (\$10,910.00 USD) per day under Health and Safety Code section 38580, for violations of the MRR Regulation. (Cal. Code Regs., tit.17, § 95100 et seq.) The penalty of twenty-four thousand five hundred forty dollars (\$24,540.00 USD) is for 30 days of inaccurate reporting. The per unit penalty in this case is eight hundred eighteen dollars (\$818.00 USD) per noncompliant day, which reflects mitigating factors identified below.
- (29) Emissions. The provisions cited above do not prohibit emissions above a specified level. Without more information, it is not practicable to quantify any excess emissions.
- (30) Aggravating and Mitigating Factors. The penalties in this matter were determined in consideration of all relevant circumstances, including statutory factors as determined by 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; and voluntary disclosure. 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, and uncertainty associated with litigation. Penalties in future cases might be smaller or larger depending on the unique circumstances of the case. Here, mitigating factors include self-disclosure and cooperation by Schlosser Forge Company.
- (31) Confidential Business Information. CARB may have based this penalty in part on confidential business information provided by Schlosser Forge Company or confidential settlement communications.

(32) Effect of Settlement/Reservation of Rights. The following shall apply:

- (a) This Settlement Agreement resolves all civil and administrative claims of CARB for the violations alleged in this Settlement Agreement.
- (b) CARB reserves, and this Settlement Agreement is without prejudice to, all claims, rights, and remedies against Schlosser Forge Company with respect to all matters not expressly resolved in this Settlement Agreement. Notwithstanding any other provision of the Settlement Agreement, CARB reserves all claims, rights, and remedies, whether in law or equity, against Schlosser Forge Company with respect to:
 - (i) Noncompliance with or enforcement of any provision of this Settlement Agreement.
 - (ii) Facts that were not disclosed by Schlosser Forge Company to CARB.
 - (iii) Violation of the California Health and Safety Code and its implementing regulations, or other State laws, regulations, or permit condition(s) not expressly resolved in this Settlement Agreement.
 - (iv) Any imminent and substantial endangerment to the public health, welfare, or the environment in California, whether related to the violations addressed in this Settlement Agreement or otherwise.
 - (v) Any criminal liability.
 - (vi) Any claim(s) of any officer or agency of the United States or California, other than CARB.
- (c) In any subsequent administrative or judicial proceeding initiated by CARB for injunctive relief, civil penalties, or other appropriate relief relating to enforcement of the Settlement Agreement, Schlosser Forge Company shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by CARB in the subsequent proceeding were or should have been brought in the instant case.
- (d) This Settlement Agreement does not limit or affect the rights of Schlosser Forge Company or of CARB against any third parties not covered by this Settlement Agreement, nor does it limit the rights of third parties not covered by this Settlement Agreement against Schlosser Forge Company, except as otherwise provided by law. This Settlement Agreement shall not be construed to create rights in, or grant any cause of action to, any third party not covered by this Settlement Agreement.

(e) This Settlement Agreement is not a permit, or a modification of any permit, under any federal, State, or local laws or regulations. Schlosser Forge Company is responsible for achieving and maintaining compliance with all applicable federal, State, and local laws, regulations, and permits; Schlosser Forge Company's compliance with this Settlement Agreement shall not be a defense to any action commenced pursuant to any such laws, regulations, or permits. CARB does not, by its execution of this Settlement Agreement, warrant or aver in any manner that Schlosser Forge Company's compliance with any aspect of this Settlement Agreement will result in compliance with any provisions of federal, State, or local laws, regulations, or permits.

ACKNOWLEDGED AND ACCEPTED BY:

California Air Resources Board

Signature: /S/

Name: Ellen M. Peter

Title: Chief Counsel

Date: April 12, 2023

Schlosser Forge Company

Signature: /S/

Name: Torben Kaese

Title: Vice President / General Manager Howmet Aerospace Rings

Date: March 29, 2023