

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 Geotab USA, Inc. (herein, Geotab), with its principal location at 621 North Avenue Northeast, Suite C-170, Atlanta, Georgia 30308 (collectively, the "Parties," or individually, "Party").

LEGAL BACKGROUND

- (1) Purpose. The California Health and Safety Code mandates the reduction of emission of air pollution from motor vehicles. (Health & Saf. Code §§ 43000, 43000.5, 43011.)
- (2) Regulation. CARB adopted the "*Add-On Parts and Modified Parts*" Regulation (Cal. Code Regs., tit. 13, §§ 2220-2225) (Aftermarket Parts Regulation) to ensure that these vehicle add-on and modified parts have been evaluated by CARB and do not increase vehicle emissions. Furthermore, CARB adopted the "*Motor Vehicle Pollution Control Devices Regulations*" (which include Vehicle Standards), as codified in the Cal. Code Regs., tit. 13, §§ 1900-2048, to reduce emissions of, inter alia, oxides of nitrogen (NOx) and hydrocarbons (HC) from new and used motor vehicles and motor vehicle engines in California.
- (3) Regulatory Provisions. The Aftermarket Parts Regulation and Vehicle Code prohibit any person or company doing business in California from advertising, offering for sale, selling, or installing any device, apparatus, or mechanisms that alters or modifies the original design or performance of a motor vehicle air pollution control device, unless it is exempted from Vehicle Code section 27156 (Cal. Code Regs., tit. 13, § 2220 et seq.; Vehicle Code § 27156.) The On-board Diagnostics Regulation requires manufacturers to meet standardization requirements for the diagnostic connector, communications, and emission related functions (Cal. Code Regs., tit. 13, §§ 1968.2 & 1971.1.) The Executive Officer may issue a cease-and-desist order and enjoin the sale, import, install, advertising, supply, distribution, or install in California of any aftermarket part that does not comply with the Aftermarket Parts Regulation. (Cal. Code Regs., tit. 13, § 2225; Health & Saf. Code 43017.) The sale of this product may also be illegal nationwide under the federal Clean Air Act (42 U.S.C. § 7522(a)(3).)
- (4) Penalty Provisions. Failure to comply with the regulatory requirements is a violation of state law that may result in penalties up to one thousand five hundred dollars (\$1,500.00 USD) for each violation of the Vehicle Code and forty-five thousand five hundred sixty-three dollars (\$45,563.00 USD) per action, for strict liability violations, respectively, for each noncompliant aftermarket part. (Cal. Code Regs., tit. 13, §§ 2220-2225; Health & Saf. Code, §§ 43008.6, 43016; Vehicle Code § 27156.)

CASE BACKGROUND

- (5) Corporate Entity. At all relevant times, Geotab was organized under the laws of Delaware as a corporation and conducted business in the State of California.
- (6) Allegations. CARB alleges that Geotab violated the Aftermarket Parts Regulation by advertising, offering for sale, selling, or installing telematics devices with harnesses in such a way that it alters or modifies the original design or performance of a motor vehicle air pollution control device without an Executive Order, resulting in 105,877 violations for the three year period prior to when CARB issued Geotab a cease and desist letter dated May 23, 2022. CARB also alleges the Geotab telematics devices with harnesses modified vehicles so that they no longer met the technical specifications of the On-board Diagnostics Regulations, as codified in California Code of Regulations, title 13, sections 1968.2 and 1971.1. CARB alleges that if paragraphs 1 through 6 were proven, civil penalties could be imposed against Geotab for each and every vehicle involved in the violations and each day.
- (7) Acknowledgment. Geotab admits to the facts in paragraphs 1 through 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, Geotab 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 Geotab for any alleged violations of the type referred to above in the Legal Background and Case Background prior to CARB's issuance of the cease-and-desist letter, and Geotab's agreement to complete all terms and conditions set forth below, CARB and Geotab agree as follows:

- (9) Settlement Amount. Geotab shall pay a civil penalty of one hundred fifty-eight thousand eight hundred fifteen dollars and fifty cents (\$158,815.50 USD) and agrees to fund a Supplemental Environmental Project (SEP) entitled Del Amo Community Air Pollution, Noise, Vibration, and Truck Traffic Study in the amount of one hundred fifty-eight thousand eight hundred fifteen dollars and fifty cents (\$158,815.50 USD), consistent with CARB's SEP Policy, for a total settlement of three hundred seventeen thousand, six hundred thirty-one dollars

(\$317,631.00 USD). Geotab shall make all payments within thirty (30) calendar days from the Notification Date.

- (10) Notification Date. The date upon which CARB notifies Geotab according to Paragraph 17 (Notices), that the Settlement Agreement is fully executed or when CARB sends the fully executed Settlement Agreement to Geotab.
- (11) Civil Penalty Payment Method. Geotab shall pay the civil penalty by check, credit card, wire transfer, or portal, payable to the "California Air Resources Board," using instructions provided separately by CARB in a Payment Transmittal Form. Geotab 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 Geotab in accordance with Paragraph 17 (Notices).
- (12) SEP Payment Method(s). Geotab shall fund the SEP by wire transfer or check, payable to the SEP Recipient/Administrator, Del Amo Action Committee using instructions provided separately by CARB in a SEP Payment Transmittal Form. Geotab is responsible for all payment processing fees. Payments must be accompanied by the SEP Payment Transmittal Form to ensure proper application. Should payment instructions change, CARB will provide notice to Geotab in accordance with Paragraph 17 (Notices).
- (13) Prohibition Against Financial Benefit. Geotab has agreed that by funding the SEP entitled Del Amo Community Air Pollution, Noise, Vibration, and Truck Traffic Study, Geotab will not receive any direct or indirect financial benefit, and that whenever Geotab publicizes or refers to the SEP or the results of the SEP, Geotab will state that the SEP is being undertaken as part of the settlement of a CARB enforcement action.
- (14) Assignment of Rights. In the event the SEP Recipient/Administrator does not fully implement or complete the SEP in accordance with the terms of the SEP Agreement, CARB shall be entitled to recover the full amount of the SEP from the SEP Recipient/Administrator, less any amount expended on the timely and successful completion of any previously agreed upon interim milestone(s). CARB will deposit any such recovery into the Air Pollution Control Fund. Accordingly, Geotab assigns any and all rights against the SEP Recipient/Administrator to CARB.
- (15) Other Relief. Geotab shall fix issues with existing noncompliant device and harness installations as they arise.

- (16) Documents. Geotab shall promptly email or mail the signed and dated Settlement Agreement and SEP to the address or email in Paragraph 17 (Notices).
- (17) 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,
Engine and Parts Enforcement Section
P.O. Box 2815
Sacramento, California 95812-2815
Settlement_Agreement@arb.ca.gov

As to Geotab:

Geotab USA, Inc.
621 North Avenue Northeast
Suite C-170
Atlanta, Georgia 30308

As to Geotab's Legal Representation:

Jamie Telfer
2440 Winston Park Boulevard
Oakville, Ontario L6H 7V2, Canada
legal@geotab.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.

- (18) Recovery of Costs. If the Attorney General files a civil action to enforce this Settlement Agreement, Geotab shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorneys' fees, and costs.
- (19) Repeat Violations. Geotab agrees to comply with all regulatory requirements and acknowledges that repeat violations could result in increased penalties in the future.
- (20) 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 9 pages and 38 numbered paragraphs.

- (21) Binding Effect. This Settlement Agreement binds Geotab, and any 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.
- (22) Effective Date. The effective date shall be the date upon which this Settlement Agreement is fully executed.
- (23) 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.
- (24) 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.
- (25) 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.
- (26) 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.
- (27) 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.
- (28) 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.

- (29) 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.
- (30) Venue. The Superior Court of California, located in the County of Sacramento, shall hear any dispute between the Parties arising from this Settlement Agreement.
- (31) Counterparts and Electronic Signatures. This Settlement Agreement may be executed in counterparts. Electronic, facsimile or photocopied signatures shall be considered as valid signatures.
- (32) Release. In consideration of full payment of the civil penalty and SEP payment, and all other undertakings above, CARB hereby releases Geotab and its principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations, from any claims CARB may have based on the alterations or modifications described in Paragraph 6 (Allegations) above.
- (33) Authority. The undersigned represents that he or she has full authority to enter into this Settlement Agreement.

PENALTY BASIS

- (34) Per Unit Penalty. The per unit or per vehicle penalty in this case is a maximum of forty-five thousand five hundred sixty-three dollars (\$45,563.00 USD) per action under Health and Safety Code section 43016, and/or one thousand, five hundred (\$1,500.00 USD) per unit under California Health and Safety Code section 43008.6, for violations of the Aftermarket Parts Regulation and Vehicle Code section 27156. (Cal. Code Regs., tit. 13, §§ 2220-2225.) The penalty of \$317,631 over an unspecified number of days of violation is for 105,877 noncompliant aftermarket parts. The per unit penalty in this case is approximately \$3 per violation, which represents a significant reduction because of mitigated factors outlined in Paragraph 36.
- (35) Emissions. The provisions cited in Paragraph 6 (Allegations) above do not prohibit emissions above a specified level. Without information on engine usage and emission rates, it is not practicable to quantify the excess emissions.
- (36) 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; 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. Mitigating factors in this matter include the following examples:

- (a) The alleged violations were first-time occurrences of its type;
 - (b) Geotab issued firmware updates in a timely manner to resolve issues pertaining to their devices;
 - (c) Geotab obtained Executive Orders for current and future telematics devices;
 - (d) Geotab was cooperative during CARB's investigation and provided timely responses and thorough explanations to all CARB inquiries.
- (37) Confidential Business Information. CARB may have based this penalty in part on confidential business information provided by Geotab or confidential settlement communications.
- (38) Effect of Settlement/Reservation of Rights. The following shall apply:
- (a) This Settlement Agreement resolves the civil 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 Geotab 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 Geotab with respect to:
 - (i) Noncompliance with or enforcement of any provision of this Settlement Agreement.

- (ii) Facts that were not disclosed by Geotab 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.
- (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, Geotab 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 Geotab 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 Geotab, 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. Geotab is responsible for achieving and maintaining compliance with all applicable federal, State, and local laws, regulations, and permits; Geotab'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 Geotab'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: Abigail May, Acting Chief Counsel for Ellen M. Peter, Chief Counsel

Date: March 6, 2025

Geotab USA, Inc.

Signature: /S/

Name: Neil Cawse

Title: Chief Executive Officer

Date: February 18, 2025