

## **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 CabinAir Tech (Shenzhen) Co. Ltd., with its principal location at Unit 1A, Building B5, Merchants Guangming Science Park, #3009 Guanguang Road, Guangming, Shenzhen, Guangdong, China; and CabinAir Sweden AB, with its principal location at Oxenstiernsgatan 15A Stockholm, Stockholm 115 27, Sweden. (CabinAir Tech and CabinAir Sweden AB are hereinafter collectively referred to as "CabinAir.") (CabinAir and CARB are collectively referred to as the "Parties," or individually, "Party").

### **LEGAL BACKGROUND**

- (1) Purpose. The California Health and Safety Code mandates CARB adopt regulations to protect public health from ozone emitted by indoor air cleaning devices, including medical and nonmedical devices used in occupied spaces. (Health & Saf. Code § 41986.)
- (2) Regulation. CARB adopted the *Regulation for Limiting Ozone Emissions From Indoor Air Cleaning Devices* (Indoor ACD Regulation) to create standards for indoor air cleaning devices. (Cal. Code Regs., tit. 17, § 94800 et seq.)
- (3) Regulatory Provisions. Any person who manufactures, sells, supplies, offers for sale, or introduces into commerce in California, any indoor air cleaning device shall comply with the standards set forth in the Indoor ACD Regulation, including the ozone emission concentration standards not exceeding 0.050 parts per million (ppm); certification requirements; test methods; labeling and safety mark; notice; recordkeeping; or other administrative requirements. (Cal. Code Regs., tit. 17, §§ 94800-94810.)
- (4) Penalty Provisions. Failure to comply with the regulatory requirements is a violation of state law that may result in penalties up to twelve thousand five hundred and fifty dollars (\$12,550.00 USD) for strict liability violations respectively, for each day in which the violation occurs. (Cal. Code Regs., tit. 17, § 94800 et seq.; Health & Saf. Code §§ 42400 et seq., 42402 et seq., and 42410.)

### **CASE BACKGROUND**

- (5) Corporate Entity. At all relevant times, CabinAir Tech (Shenzhen) Co. Ltd. was organized under the laws of China as a limited liability company. At all relevant times, CabinAir Sweden AB was organized under the laws of Sweden as a limited liability company.
- (6) Allegations. CARB alleges that CabinAir violated the Indoor ACD Regulation by manufacturing and supplying Volvo brand AAC LHD Low (31497530) and Volvo

brand AAC LHD High (31497531) indoor air cleaning devices that were not certified by CARB at the time of Volvo's sale in California of the vehicles equipped with the devices, as outlined in Notice of Violation AC24-01-07. CARB alleges that if paragraphs 1 through 6 were proven, civil penalties could be imposed against CabinAir for each noncompliant unit and for each day of violation.

- (7) Acknowledgment. CabinAir admits to the facts in paragraphs 1 through 5, and acknowledges CARB's allegations in paragraph 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, CabinAir 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 CabinAir for the alleged violations referred to above in the Legal Background and Case Background, and CabinAir's agreement to complete all terms and conditions set forth below, CARB and CabinAir agree as follows:

- (9) Settlement Amount. CabinAir shall pay a civil penalty of one hundred thirty-two thousand dollars (\$132,000.00 USD). CabinAir shall make all payments in accordance with the payment schedule in Paragraph 11 (Payment Plan and Schedule).
- (10) Notification Date. The date upon which CARB notifies CabinAir according to Paragraph 15 (Notices), that the Settlement Agreement is fully executed, or when CARB sends the fully executed Settlement Agreement to CabinAir, whichever occurs first.
- (11) Payment Plan and Schedule. Pursuant to this Settlement Agreement, CabinAir shall make payments according to the following table:

<b>Days After the Notification Date</b>	<b>In the Amount of and Payable To:</b>
30 Days	\$7,000 California Air Resources Board
60 Days	\$7,000 California Air Resources Board
90 Days	\$7,000 California Air Resources Board
120 Days	\$11,000 California Air Resources Board
150 Days	\$11,000 California Air Resources Board
180 Days	\$11,000 California Air Resources Board
210 Days	\$11,000 California Air Resources Board
240 Days	\$11,000 California Air Resources Board
270 Days	\$11,000 California Air Resources Board
300 Days	\$15,000 California Air Resources Board
330 Days	\$15,000 California Air Resources Board
360 Days	\$15,000 California Air Resources Board

- (12) Civil Penalty Payment Method. CabinAir 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. CabinAir 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 CabinAir in accordance with Paragraph 15 (Notices).
- (13) Acceleration. If any payment is more than thirty (30) calendar days late from the payment schedule deadline, the entire remaining balance is accelerated to become due and payable immediately without notice or demand.
- (14) Documents. CabinAir shall promptly email or mail the signed and dated Settlement Agreement to the address or email in Paragraph 15 (Notices).
- (15) 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  
Vehicle, Parts, and Consumer Products Enforcement Branch  
P.O. Box 2815  
Sacramento, California 95812-2815  
Settlement\_Agreement@arb.ca.gov

As to CabinAir Tech (Shenzhen) Co. Ltd.:

Rene M. Tschmuck-Koyanagawa, General Manager  
CabinAir Tech (Shenzhen) Co. Ltd.  
Unit 1A, Building B5, Merchants Guangming Science Park,  
#3009 Guanguang Road, Guangming, Shenzhen, Guangdong, China  
rene.tschmuck-koyanagawa@cabinair.com

As to CabinAir Sweden AB:

John Hudson, Acting Chief Executive Officer/Board Member  
CabinAir Sweden AB  
Oxenstiernsgatan 15A Stockholm  
Stockholm 115 27, Sweden  
john.hudson@cabinair.com

As to CabinAir's Legal Representation:

Dario J. Frommer, Partner  
Mayer Brown LLP  
333 S. Grand Ave, 47th Floor  
Los Angeles, California 90071  
DFrommer@mayerbrown.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.

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

- (18) 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 36 numbered paragraphs.
- (19) Binding Effect. This Settlement Agreement binds CabinAir, 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.
- (20) Effective Date. The effective date shall be the date upon which this Settlement Agreement is fully executed.
- (21) 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.
- (22) 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.
- (23) 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.
- (24) 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.
- (25) 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.
- (26) 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.

- (27) 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.
- (28) Venue. The Superior Court of California, located in the County of Sacramento, shall hear any dispute between the Parties arising from this Settlement Agreement.
- (29) Counterparts and Electronic Signatures. This Settlement Agreement may be executed in counterparts. Electronic, facsimile or photocopied signatures shall be considered as valid signatures.
- (30) Release. In consideration of full payment of the civil penalty, and all other undertakings above, CARB hereby releases CabinAir 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 Paragraph 6 (Allegations) above.
- (31) Authority. The undersigned represents that he or she has full authority to enter into this Settlement Agreement.

### **PENALTY BASIS**

- (32) Per Unit Penalty. The per unit penalty in this case is a maximum of twelve thousand five hundred fifty dollars (\$12,550.00 USD) per unit per day under Health and Safety Code section(s) 42400 et seq., for violations of the Indoor ACD Regulation. The penalty of one hundred thirty-two thousand dollars (\$132,000.00 USD) over an unspecified number of days of violation is for noncompliant units.
- (33) Emissions. The provisions cited in Paragraph 6 (Allegations) above relate to certification and do not prohibit emissions above a specified level.
- (34) 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.

(35) Confidential Business Information. CARB may have based this penalty in part on confidential business information provided by CabinAir or confidential settlement communications.

(36) 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 CabinAir 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 CabinAir with respect to:
  - (i) Noncompliance with or enforcement of any provision of this Settlement Agreement.
  - (ii) Facts that were not disclosed by CabinAir 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, CabinAir 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 CabinAir 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 CabinAir, 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. CabinAir is responsible for achieving and maintaining compliance with all applicable federal, State, and local laws, regulations, and permits; CabinAir 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 CabinAir 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: Shannon M. Dilley

Title: Chief Counsel

Date: February 6, 2026

**CabinAir Tech (Shenzhen) Co. Ltd.**

Signature: /S/

Name: Tschmuck-Koyanagawa Rene M.

Title: General Manager APAC

Date: February 3, 2026

**CabinAir Sweden AB**

Signature: /S/

Name: J C Hudson

Title: Group Chief Executive Officer

Date: January 30, 2026