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SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (Agreement) is entered into between the California Energy Commission (CEC), with its principal office at 715 P Street, Sacramento, California 95814, and Sengled USA, Incorporated (Sengled), with a place of business at 4646 Distribution Parkway #400, Buford, Georgia 30519, collectively referred to as the Parties.

I. RECITALS

(1) CEC's Appliance Efficiency Regulations at California Code of Regulations, Title 20, Article 4, sections 1601-1609 (Appliance Efficiency Regulations),¹ set forth the requirements to sell or offer for sale regulated appliances in California. The pertinent requirements include:

- Testing: The appliance is tested as required in section 1603, using the applicable test method set forth in section 1604.
- Efficiency: The appliance meets the required efficiency standards set forth in sections 1605.2 or 1605.3.
- Marking: The appliance is correctly marked and labeled as required under section 1607.
- Certification: The appliance is certified to CEC and appears in CEC's most recent Modernized Appliance Efficiency Database System (MAEDbS) as required under section 1606.

(2) CEC's enforcement authority includes the removal of non-complying appliances from MAEDbS, as set forth in section 1608, and the issuance of administrative civil penalties under section 1609.

(3) Sengled manufactures several models of Sengled and Sigalux brand state-regulated light emitting diode lamps (SLEDs) that it sells or offers for sale in California, either directly or through retailers or distributors.

(4) Sengled and Sigalux brand SLEDs are subject to the testing, efficiency, marking, and certification requirements for this appliance class as described in paragraph I(1) above.

(5) From April 2019 to April 2023, Sengled sold or offered for sale in California through retailers or distributors SLEDs, that were not listed in MAEDbS as required in section 1606, did not meet the efficiency standards set forth in section 1605.3(k)(2) when tested using the appropriate test method as described in section 1604(k), and were not marked as required in section 1607.

¹ All references are to California Code of Regulations, Title 20, Article 4, unless otherwise specified.

(6) Based on the above Recitals, CEC, through administrative adjudication, could impose penalties for each violation alleged, obtain injunctive relief to prohibit Sengled from continuing to sell or offer for sale, non-compliant SLEDs in California, and take any other enforcement action as allowed by law.

(7) Section 1609(b)(3) and California Public Resources Code section 25402.11(a)(2) identify the following factors CEC shall consider when determining the amount of an administrative civil penalty:

- The nature and seriousness of the violation.
- The persistence of the violation, meaning a responsible person's history of past violations of the Appliance Efficiency Regulations over the previous seven years.
- The number of violations arising from the course of conduct that is subject of the enforcement proceeding.
- The length of time over which the violation occurred.
- The willfulness of the persons responsible for the violation.
- The harm to consumers and to the state that resulted from the amount of energy wasted due to the violation.
- The number of persons responsible for the violation.
- The efforts of the persons responsible for the violation to correct the violation prior to initiation of an enforcement action by CEC.
- The cooperation, by the persons responsible for the violation, with CEC during its investigation.
- The assets, liabilities, and net worth of the persons responsible for the violation. This information will be considered to reduce the administrative civil penalty amount, should a responsible person or persons elect to provide asset, liability, and net worth documentation to the Executive Director to demonstrate that a reduction in a penalty amount is necessary to avoid an undue burden.

(8) Penalties must be set at levels sufficient to deter violations. In developing this Agreement CEC considered the facts of the case and applied the above factors to determine an appropriate settlement. Further, in this case Sengled cooperated with CEC in the investigation by promptly testing, certifying, and marking the units; notifying retailers and removing the non-compliant units from the California market; and providing to CEC sales data of non-compliant units. The efforts by Sengled saved CEC time and resources in investigating the violations and minimized the impacts on the competitive business environment, energy consumption, and the environment in California, from the non-compliant units.

(9) Sengled is willing to enter into this Agreement solely for the purpose of settlement and resolution of this matter with CEC. CEC accepts this Agreement in termination of this matter. Accordingly, the Parties agree to resolve this matter completely by means of this Agreement, without the need for administrative adjudication.

II. TERMS AND RELEASE

In consideration of the Recitals listed above which are incorporated into this section by reference, and the mutual agreements set forth below, CEC and Sengled agree as follows:

(1) This Agreement covers the following Sengled and Sigalux brand SLED models,:

Model #	Brand
B11-N13	Sengled
B11-N14	Sengled
B11-N15	Sengled
C01-BR30MSW	Sengled
E11-G13	Sengled
E11-G14WA	Sengled
E11-N13A	Sengled
E11-N13AW	Sengled
E11-N13W	Sengled
E11-N14W	Sengled
E12-N14W	Sengled
E12-N14WA	Sengled
E12-N1EW	Sengled

Model #	Brand
E13-N11WA	Sengled
W11-N13	Sengled
B1K-NIG	Sengled
1102340366	Sigalux
1133682701	Sigalux
1134685001	Sigalux
1627682700	Sigalux
0089682701	Sigalux
0122682700	Sigalux
1134682701	Sigalux
1134685001	Sigalux
1135683001001	Sigalux
1138482700	Sigalux

Model #	Brand
1139685001	Sigalux
1631682701	Sigalux
1636482700002	Sigalux
1637482700	Sigalux
96682701	Sigalux
ASIN: B09X332821	Sigalux
ASIN: B0BBSCCLLF	Sigalux
HU-XI-201	Sigalux
ST190706	Sigalux
1133685001001	Sigalux
2509482700002	Sigalux
1632692705	Sigalux

(2) For selling or offering for sale in California, the SLEDs identified in paragraph I(5), whose model numbers are identified in paragraph II(1), that did not meet the energy efficiency standards prescribed by section 1605.3, were not certified to MAEDbS as required by section 1606, and were not marked per section 1607, and, in consideration of the factors listed in paragraph I(7) and I(8) above, Sengled shall pay as an administrative civil penalty the total sum of \$122,000.00. Payment shall be made by electronic transfer to the CEC, in four monthly payments of \$30,500.00 each, as shown below:

Payment Number	Due Date	Amount
1	September 1, 2024	\$30,500.00
2	October 1, 2024	\$30,500.00
3	November 1, 2024	\$30,500.00
4	December 1, 2024	\$30,500.00

Banking information and instructions necessary to complete the electronic transfer shall be provided by CEC.

Effect of untimely payment: If any payment is more than 21 days late, the entire remaining balance becomes immediately due and payable. In addition, if CEC takes action to enforce this Agreement, Sengled shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs.

It is agreed that if Sengled, including its subsidiary or parent company, at any time becomes insolvent, or makes an assignment for the benefit of creditors or similar action adversely involving Sengled, its subsidiary, or parent company, or a proceeding or petition under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, or receivership law or statute is filed by or against Sengled, its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of Sengled's, its subsidiary's, or parent company's properties, or if any deposit account or other property of Sengled's, its subsidiary, or parent company be attempted to be obtained or held by writ of execution, garnishment, attachment, condemnation, levy, forfeiture or other legal process, or Sengled, its subsidiary, or parent company takes any action to authorize any of the foregoing, the entire remaining balance becomes immediately due and payable without notice or demand.

(3) Sengled also agrees to take each of the following actions for any and all regulated appliances it will sell or offer for sale in California:

- a. Test all basic models, utilizing the applicable test method, to ensure conformance with the Appliance Efficiency Regulations.
- b. Certify all basic models in MAEDbS, and ensure listings are kept current and up to date.
- c. Use a new model number for any of the basic models described in II(1) that have been redesigned to meet energy efficiency standards.
- d. Add the required marking to the unit.


(4) This Agreement shall apply to and be binding upon Sengled and its principals, officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations, and upon CEC and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

(5) In consideration of the payment specified above, CEC hereby releases Sengled and its parent corporation, principals, directors, officers, agents, employees, shareholders, subsidiaries, predecessors, and successors from any and all claims for violations of section 1608 (efficiency, marking, certification), relating to the time frame and appliances identified in paragraph I(5), whose model numbers are identified in paragraph II(1).


- (6) This Agreement constitutes the entire agreement and understanding between CEC and Sengler concerning the claims and settlement in this Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and agreement of any kind or nature, whether written or oral, between CEC and Sengler concerning these claims.
- (7) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, shall be valid or enforceable unless it is in writing and signed by all Parties to this Agreement.
- (8) Sengler further agrees that if the subject matter of this Agreement comes before CEC in an administrative adjudication, neither any member of CEC, nor the Executive Director, shall be disqualified because of prior consideration of this Agreement.
- (9) Each Party to this Agreement has reviewed the Agreement independently, has had the opportunity to consult counsel, is fully informed of the terms and effect of this Agreement, and has not relied in any way on any inducement, representation, or advice of any other Party in deciding to enter into this Agreement.
- (10) 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. Any litigation arising out of or related to this Agreement shall be filed in the Superior Court of California, County of Sacramento.
- (11) Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.
- (12) The failure of any Party to enforce any provision of this 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 Agreement.
- (13) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either Party on the ground that said Party drafted it.
- (14) This Agreement is effective upon signature by a representative of Sengler with authority to bind the company, and signature by the Executive Director of CEC. The Parties agree that fax or scanned signatures and multiple signature pages are acceptable for purposes of executing this Agreement, which may be signed in counterparts.

SETTLEMENT AGREEMENT AND RELEASE
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California Energy Commission

By: 
Name: Drew Bohan
Title: Executive Director
Date: 7/23/2024

Sengled USA, Incorporated

By: 
Name: Jinxiang Shen
Title: Chairman
Date: 15/7/2024