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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 Signify North America Corporation (Signify), with a place of business at 400 Crossing Boulevard, Suite 600 Bridgewater, New Jersey 08807, 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) Signify manufactures several models of Philips 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) Signify SLEDs are subject to the testing, efficiency, marking, and certification requirements for this appliance class as described in paragraph I(1) above.
- (5) From January 2018 to March 2022, Signify sold or offered for sale through retailers or distributors in California three SLEDs that were not listed in MAEDbS as required in section 1606 and did not meet the efficiency standards set forth in section 1605.3(k) when tested using the appropriate test method, and several others that were not listed in MAEDbS as required in section 1606 despite meeting the efficiency standards set forth in section 1605.3(k) when tested using the appropriate test method.

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

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(6) Based on the above Recitals, CEC, through adjudication, could impose penalties for each violation alleged, obtain injunctive relief to prohibit Signify 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) identifies 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. Signify alleges that most of these violations involved instances where the SLED models were tested before sale in California, passed performance standards, and were marked appropriately but were not certified to MAEDbS. Therefore, the impacts to consumers purchasing a non-compliant model resulting in wasted energy would be minimal. Further, in this case Signify cooperated with CEC's investigation by notifying retailers and removing the non-compliant units from the California market; and by providing to CEC sales data of non-compliant units. The efforts by Signify saved CEC time and resources in investigating the violations and minimized the impacts on the competitive business environment and energy consumption and the environment in California, from the non-compliant units.

(9) Signify 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

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 Signify agree as follows:

- (1) This Agreement covers the Signify models listed in the attachment.
- (2) For selling or offering for sale in California, SLEDs identified in paragraph I(5), whose model numbers are identified in the attachment, that did not meet the energy efficiency standards prescribed by section 1605.3(k) and/or were not certified to MAEDbS as required by section 1606, and, in consideration of the factors listed in paragraph I(7) and I(8) above, Signify shall pay as an administrative civil penalty the total sum of \$123,109.00 by electronic transfer to CEC by September 1, 2022. Banking information and instructions necessary to complete the electronic transfer shall be provided by CEC.
- (3) Signify also agrees to take each of the following actions for any and all regulated appliance 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. Add the required marking to the unit.
- (4) This Agreement shall apply to and be binding upon Signify 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 Signify and its parent corporation, principals, directors, officers, agents, employees, shareholders, subsidiaries, predecessors, and successors from any and all claims for violations of sections 1608 (testing, efficiency, marking, certification), relating to the time frame and appliances identified in paragraph I(5), whose model numbers are identified in the attachment.
- (6) This Agreement constitutes the entire agreement and understanding between CEC and Signify 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 Signify 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

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Agreement.

(8) Signify 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 Signify 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.

California Energy Commission

By: 
Name: Drew Bohan
Title: Executive Director
Date: 8/4/22

Signify North America Corporation

By: 
Name: Robert F. Farley
Title: Assistant Secretary
Date: July 25, 2022

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Attachment

SLEDs

5923131U0	9290023279	9290030261A	9290030289A
5966431U0	9290023280	9290030262A	9290030290A
5966431U3	9290029888	9290030263A	9290030291A
5967531U0	9290029890	9290030264A	9290030292A
5967531U3	9290029904	9290030265A	9290030293A
9290022058A	9290029905	9290030267A	9290030295A
9290022081	9290030199	9290030272A	9290030296A
9290022082	9290030200	9290030274A	9290030297A
9290022083	9290030201	9290030277A	9290030298A
9290022084	9290030202	9290030278A	9290030299A
9290022085	9290030203	9290030279A	9290030300A
9290022086	9290030204	9290030280A	9290030301A
9290022598	9290030205	9290030281A	9290030302A
9290022599	9290030206	9290030282A	9290030303A
9290022612	9290030207	9290030285A	9290030304A
9290022613	9290030208	9290030286A	929002311503
9290023277	9290030209	9290030287A	929001957503
9290023278	9290030210	9290030288A	9290012193