SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the State of California Air Resources Board (ARB) with its principal office at 1001 "I" Street, Sacramento, California 95814, and Whole Foods Market California, Inc., located at 5980 Horton Street, Emeryville, California 94608, and Mrs. Gooch's Natural Food Markets, Inc., located at 207 Goode Avenue, 7th Floor, Glendale, California 91203. Whole Foods Market California, Inc. and Mrs. Gooch's Natural Food Markets, Inc. are referred to collectively herein as "Whole Foods Market." ARB and Whole Foods Market are referred to collectively herein as the "Parties".

RECITALS

1. The Global Warming Solutions Act of 2006 authorizes ARB to adopt regulations to reduce greenhouse gas emissions (Health & Safety Code section 38530).

2. Pursuant to that authority, ARB adopted the Regulation for the Management of High Global Warming Potential (GWP) Refrigerants for Stationary Sources, California Code of Regulations (CCR), title 17, section 95380 et seq. (RMP Regulation), which became effective on November 19, 2010.

3. The RMP Regulation requires owners of stationary refrigeration systems with a full charge of greater than or equal to 200 pounds, but less than 2,000 pounds, of a high GWP refrigerant to register accurately all systems subject to the regulation by March 1, 2014 (17 CCR § 95383).

4. Whole Foods Market owns and operates stationary refrigeration systems subject to the RMP Regulation.

5. On February 13, 2014, Whole Foods Market submitted reports for multiple facilities operating high GWP refrigeration systems as required by the RMP Regulation.

6. Based on its investigation, ARB alleged that the reports submitted by Whole Foods Market contained inaccurate information.

7. The RMP Regulation provides that each day or portion thereof that any report contains inaccurate information constitutes a violation subject to daily penalties (17 CCR § 95395(b)).

8. Violations of the RMP Regulation are a violation of State law. According to ARB, Health and Safety Code sections 38580 and 42400 et seq., authorize strict liability penalties not to exceed ten thousand ($10,000) per day, for each day that the violation occurs. Whole Foods Market denies that it committed any violations, and neither this Agreement, nor anything set forth therein, shall constitute an admission by Whole Foods Market.

9. ARB and Whole Foods Market have agreed to resolve the alleged violations completely under the terms of this Agreement. In order to resolve the violations, Whole Foods Market agrees to take the actions enumerated below under "TERMS AND CONDITIONS".

TERMS AND CONDITIONS

10. Within forty five days following execution and delivery of this Agreement by the Parties, Whole Foods Market agrees to a total payment in the amount of SEVENTY SEVEN THOUSAND, SEVEN HUNDRED AND FIFTY DOLLARS ($77,750.00). Payment shall be made in accordance with the instructions in Attachment A to this Agreement.

11. Whole Foods Market shall not violate the RMP Regulation. Whole Foods Market shall implement written compliance protocols and shall train and direct all employees who work with refrigerant systems to comply with the RMP Regulation.

12. This Agreement shall apply to and be binding upon Whole Foods Market, and its officers, directors, receivers, trustees, successors and assignees, subsidiary and parent corporations, and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

13. This Agreement constitutes the entire agreement and understanding between ARB and Whole Foods Market concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and Whole Foods Market concerning the subject matter hereof.

14. No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by both parties to this Agreement. This Agreement shall further serve to toll any statute of limitation until all terms and conditions of this Agreement have been fulfilled.

15. Failure to comply with any of the terms of this Agreement shall void the agreement and ARB may take enforcement action based on the initial violation and any subsequent violations of this Agreement. In the event ARB took such action, any liability for the initial violation would be reduced by the amount paid under this Agreement.

16. 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.

17. 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.

18. This Agreement is deemed to have been drafted equally by ARB and Whole Foods Market; it will not be interpreted for or against either Party on the ground that said Party drafted it.

19. **SB 1402 Statement.** Health & Safety Code section 39619.7 (Senate Bill 1402, Dutton, chapter 413, statutes of 2010) requires ARB to explain the basis for the penalties it seeks. This information is provided throughout this Agreement and is summarized here.

The manner in which the penalty was determined.

Penalties must be set at levels sufficient to deter violations. The penalties in this matter were determined based on all relevant circumstances, including the unique circumstances of this case, giving consideration to the eight factors specified in Health & Safety Code section 42403. Those circumstances were considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, penalties sought in other cases, and the potential costs and risk associated with litigating these particular violations. In this matter ARB concluded there were a number of mitigating factors including:

(a) The fact that this was a first time violation;

(b) Whole Foods Market cooperated fully with the investigation; and

(c) Whole Foods Market's investments in refrigeration systems that utilize alternatives to high GWP refrigerants at facilities in California.

This penalty reflects $250 per day for 311 days that Whole Foods Market's reports are alleged to have contained inaccurate information.

The legal provisions under which the penalty was assessed.

The penalty is based on Health and Safety Code sections 38580 and 42402 and CCR, title 17, section 95395, the provisions that govern RMP Regulation violations.

Whether the governing provisions prohibit emissions at a specified level, and, if so, a quantification of excess emissions if it is practicable to do so.

The RMP Regulation does not prohibit emissions of high GWP refrigerants above a specified level, but Health & Safety Code section 38580(b)(2) specifies that violations of any regulation under the Global Warming Solutions Act of 2006 shall be deemed to result in an emission for purposes of the governing penalty statutes.

20. Whole Foods Market acknowledges that ARB has complied with Senate Bill 1402 in investigating, prosecuting and settling this case. Specifically, ARB has considered all relevant facts, including those listed at Health & Safety Code section 42403, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed, and has considered and determined that this penalty is being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

21. The penalty was based on confidential settlement communications between ARB and Whole Foods Market. The penalty is the product of an arm's-length negotiation between ARB and Whole Foods Market and reflects the Parties' assessment of the relative strengths and weaknesses of their respective cases, and the Parties' mutual desire to avoid the uncertainty, burden and expense of litigation.

22. Now therefore, in consideration of the payment on behalf of Whole Foods Market to the California Air Resources Board, ARB hereby resolves with Whole Foods Market and its principals, officers, directors, agents, predecessors and successors, subsidiary and parent corporations from any and all claims for any reporting violations as described in Recitals 1 through 6 that were or could have been asserted by ARB against Whole foods Market up to and including the date this Agreement is fully executed.

23. The undersigned represent that they have the authority to enter into this Agreement.

SIGNATURES

California Air Resources Board

By:_____
Name: Ellen M. Peter
Title: Chief Counsel

Date:_____

Whole Foods Market California, Inc., a California Corporation

By:_____
Name:
Title:

Date: 4/4/2016

Mrs. Gooch's Natural Food Markets, Inc., a California Corporation

By:_____
Name:
Title:

Date: 4/4/2016