

# **SETTLEMENT AGREEMENT**

## **1. INTRODUCTION**

### **1.1 Laurence Vinocur and The Container Store Group, Inc.**

This Settlement Agreement (“Settlement Agreement”) is entered into by and between Laurence Vinocur (“Vinocur”), and The Container Store Group, Inc. and The Container Store, Inc. (collectively “TCSG”) with Vinocur and TCSG collectively referred to as the “Parties.” Vinocur is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. TCSG employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5 *et seq.* (“Proposition 65”).

### **1.2 General Allegations**

Vinocur alleges that TCSG manufactures, imports, sells and/or distributes for sale in California, products containing di(2-ethylhexyl)phthalate (“DEHP”), and that it does so without providing the health hazard warning that Vinocur alleges is required by Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

### **1.3 Product Description**

The products that are covered by this Settlement Agreement are vinyl/PVC storage bin handles containing DEHP including, but not limited to, the *Gingham Bin Aqua*, #10067962 and vinyl/PVC pouches containing DEHP including, but not limited to the *Large Clear Pouch Aqua*, #10068523 that are manufactured, imported, distributed, sold and/or offered for sale by TCSG in the State of California, hereinafter the “Products.”

#### **1.4 Notice of Violation**

On or about June 29, 2017, Vinocur served TCSG, and certain requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), alleging that TCSG violated Proposition 65 when it failed to warn its customers and consumers in California that the Products expose users to DEHP. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

#### **1.5 No Admission**

TCSG denies and disputes the material, factual and legal allegations (collectively, “Released Claims”) contained in the Notice and maintains that all products that it has sold and distributed in California, including the Products, have been and are in compliance with all laws. The Parties enter into this Agreement pursuant to a full and final settlement of any and all claims between the Parties, as per the releases contained in Section 4 below, for the purpose of avoiding prolonged litigation. TCSG denies the material factual and legal allegations contained in the Notice, maintains that it did not knowingly or intentionally expose California consumers to DEHP through the reasonably foreseeable use of the Products and otherwise contends that, all Products each has manufactured, distributed and/or sold in California have been and are in compliance with all applicable laws. Nothing in this Settlement Agreement shall be construed as an admission by TCSG of any fact, finding, issue of law or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by TCSG of any fact, finding, conclusion, issue of law or violation of law. This Section shall not, however, diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement.

#### **1.6 Effective Date**

For purposes of this Settlement Agreement, the term “Effective Date” shall mean March 30, 2018.

## **2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS**

### **2.1 Reformulation Standards**

“Reformulated Products” are defined as those Products containing DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or any other methodology utilized by federal or state agencies for the purpose of determining the DEHP content in a solid substance.

## **2.2 Reformulation Commitment**

As of the Effective Date, TCSG shall not manufacture, import, distribute, sell or offer the Products for sale in the State of California unless they are Reformulated Products pursuant to Section 2.1 above, or shall carry appropriate health hazard warnings per section 2.3, below.

## **2.3 Product Warnings**

Commencing on or before the Effective Date, TCSG shall provide clear and reasonable warnings for all Products as set forth in subsections 2.3(a) and (b) for all products that do not qualify as Reformulated Products. Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Product the warning applies, so as to minimize the risk of consumer confusion.

### **(a) Retail Store Sales.**


**(i) Product Labeling.** TCSG shall affix a warning to the packaging, labeling, or directly on each Product provided for sale in retail outlets in California that states:

 **WARNING:** This product can expose you to DEHP, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

Or

 **WARNING:** This Product Contains Chemicals Known To The State Of California To Cause Cancer, And Birth Defects Or Other Reproductive Harm.


(ii) **Point-of-Sale Warnings.** Alternatively, TCSG may provide warning signs in the form below to its customers in California with instructions to post the warnings in close proximity to the point of display of the Products. Such instruction sent to TCSG's customers shall be sent by certified mail, return receipt requested.

 **WARNING:** This product can expose you to DEHP, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).


Or

 **WARNING:** This Product Contains Chemicals Known To The State Of California To Cause Cancer, And Birth Defects Or Other Reproductive Harm.

Where more than one Product is sold in proximity to other like items or to those that do not require a warning (*e.g.*, Reformulated Products as defined in Section 2.1), the following statement shall be used:<sup>1</sup>

 **WARNING:** [*Product name and product numbers for which warning is required*] can expose you to DEHP, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

Or

 **WARNING:** [*Product name and product numbers for which warning is required*] Contains Chemicals Known To The State Of California To Cause Cancer, And Birth Defects Or Other Reproductive Harm.


(b) **Mail Order Catalog and Internet Sales.** In the event that TCSG sells Products via mail order catalog and/or the internet, to customers located in California, after the Effective Date, that are not Reformulated Products, TCSG shall provide warnings for such Products sold

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<sup>1</sup>For purposes of the Settlement Agreement, "sold in proximity" shall mean that the Product and another similar product are offered for sale close enough to each other that the consumer, under customary conditions of purchase, could not reasonably determine which of the two products is subject to the warning sign.

via mail order catalog or the internet to California residents. Warnings given in the mail order catalog or on the internet shall identify the *specific* Product to which the warning applies as further specified in Sections 2.3(b)(i) and (ii).


(i) **Mail Order Catalog Warning.** Any warning provided in a mail order catalog shall be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

 **WARNING:** This product can expose you to DEHP, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).


Or

 **WARNING:** This Product Contains Chemicals Known To The State Of California To Cause Cancer, And Birth Defects Or Other Reproductive Harm.

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Product, TCSG may utilize a designated symbol to cross reference the applicable warning and shall define the term “designated symbol” with the following language on the inside of the front cover of the catalog or on the same page as any order form for the Product(s):

 **WARNING:** Certain products identified with this symbol ▼ can expose you to DEHP, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

Or

 **WARNING:** Certain Products Identified With This Symbol ▼ Contain Chemicals Known To The State Of California To Cause Cancer, And Birth Defects Or Other Reproductive Harm.

The designated symbol must appear on the same page and near the display and/or description of the Product. On each page where the designated symbol appears, TCSG must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.


(ii) **Internet Website Warning.** A warning shall be given in conjunction with the sale of the Products via the internet, which warning shall appear either: (a) on the same web page on which a Product is displayed; (b) on the same web page as the order form for a Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than the Product description text:

 **WARNING:** This product can expose you to DEHP, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).


Or

 **WARNING:** This Product Contains Chemicals Known To The State Of California To Cause Cancer, And Birth Defects Or Other Reproductive Harm.

Alternatively, where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Product, TCSG may utilize a designated symbol to cross reference the applicable warning with a “designated symbol” which may appear adjacent to or immediately following the display, description, or price of the Product for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page, as follows:

 **WARNING:** Certain products identified with this symbol ▼ can expose you to DEHP, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

Or

 **WARNING:** Certain Products Identified With This Symbol ▼ Contain Chemicals Known To The State Of California To Cause Cancer, And Birth Defects Or Other Reproductive Harm.

### 3. MONETARY SETTLEMENT TERMS

#### 3.1 Payments Pursuant to Health and Safety Code § 25249.7(b)(2)

Pursuant to Health and Safety Code section 25249.7(b)(2), and as full and complete settlement of all claims alleged in the Notice or referred to in this settlement Agreement, TCSG shall, within seven (7) days of receiving a signed Settlement Agreement from Vinocur and a complete W-9 from the *Laurence Vinocur Client Trust Account*, pay a total of \$3,250 in civil penalties in accordance with this Section. The penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty remitted to Vinocur, as follows: TCSG shall make its required civil penalty payment by issuing two checks: (1) to “Laurence Vinocur, Client Trust Account” totaling \$812.50; and (2) to the “Office of Environmental Health Hazard Assessment” totaling \$2,437.50. Upon receipt, Vinocur and his counsel will then ensure payment to OEHHA. All penalty payments shall be delivered to the address listed in Section 3.3 below.

#### 3.2 Reimbursement of Attorneys’ Fees and Costs

The Parties acknowledge that Vinocur and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving the issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been finalized, TCSG expressed a desire to resolve Vinocur’s fees and costs. The Parties then negotiated a resolution of the compensation due to

Vinocur and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5. For all work performed through the mutual execution of this agreement, TCSG shall reimburse Vinocur and his counsel \$20,750. TCSG's payment shall be delivered to the address in Section 3.3, within seven (7) days of receiving a signed Settlement Agreement from Vinocur and a complete W-9 from *The Chanler Group*, in the form of a check payable to "The Chanler Group." The reimbursement shall cover all fees, expert fees, expenses and costs incurred or to be incurred by Vinocur investigating, bringing this matter to TCSG's attention and negotiating a settlement of the matter, which are paid to Vinocur's counsel in lieu of fees/costs that might otherwise be recovered.

**3.3 Payment Address**

All payments required by this Settlement Agreement shall be delivered to the following address:

The Chanler Group  
Attn: Proposition 65 Controller  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710

**3.4 Further Acknowledgment**

The Parties expressly acknowledge and agree that the payments described in Sections 3.1 and 3.2 above (a) are the result of good-faith negotiations conducted by and between the Parties; (b) represents the sole consideration for the release of the Released Claims; and (c) constitutes fair and reasonable consideration for the releases provided in Section 4 below, including the Released Claims, for purposes of settlement. TCSG will issue a 1099-MISC form to *Laurence Vinocur Client Trust Account* and to *The Chanler Group* reflecting the settlement payment amounts. Vinocur and/or The Chanler Group, as applicable, shall be solely responsible for federal, state and local taxes due on their respective portions of the settlement payment, and each specifically agrees to indemnify and hold TCSG harmless for any and all claims involving federal, state or local taxes resulting from such responsibility.



#### **4. CLAIMS COVERED AND RELEASED**

##### **4.1 Vinocur's Release of TCSG and its Suppliers**

This Settlement Agreement is a full, final and binding resolution between Vinocur and TCSG of any violation of Proposition 65 that was or could have been asserted by Vinocur acting on his own behalf, and *not* on behalf of the public, and on behalf of his past and current agents, representatives, attorneys, successors and/or assignees, against TCSG, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom TCSG directly or indirectly distribute or sell Products, including, but not limited, to downstream distributors, wholesalers, customers, vendors, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"), releases from all Released Claims and any other claims for violations of Proposition 65 through the Effective Date based on unwarned exposures to DEHP in the Products, as set forth in the Notice. Compliance with the terms of this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposures to DEHP from the Products, as set forth in the Notice. The Parties further understand and agree that this Section 4.1 release shall extend upstream only to entities that manufactured the Products or any component parts thereof, and to all distributors or suppliers who sold the Products or any component parts thereof to TCSG including, but not limited to, Modulus, Inc, Keenpac LLC, and their parents, subsidiaries, affiliated entities under common ownership, directors (or equivalents), officers, employees, and attorneys, solely, however, as to the specific Products imported, distributed, sold and/or offered for sale by TCSG in California between June 29, 2016 to the Effective Date of this Agreement.

##### **4.2 Vinocur's Individual Releases of Claims**

Vinocur, in his individual capacity only and *not* in his representative capacity, provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities, and demands of Vinocur of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to

DEHP in the Products manufactured, imported, distributed, or sold by TCSG prior to the Effective Date. The Parties further understand and agree that this Section 4.2 release shall extend upstream only to entities that manufactured the Products or any component parts thereof, and to all distributors or suppliers who sold the Products or any component parts thereof to TCSG including, but not limited to, Modulus, Inc, Keenpac LLC, and their parents, subsidiaries, affiliated entities under common ownership, directors (or equivalents), officers, employees, and attorneys, solely, however, as to the specific Products imported, distributed, sold and/or offered for sale by TCSG in California between June 29, 2016 to the Effective Date of this Agreement. Nothing in this Section affects Vinocur's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve TCSG's Products.

#### **4.3 TCSG's Release of Vinocur**

TCSG, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Vinocur and his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Vinocur and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Products.

#### **5. SEVERABILITY**

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are deemed by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

#### **6. GOVERNING LAW**

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Settlement Agreement are rendered inapplicable or no longer required as a result of any such repeal or preemption or rendered inapplicable by reason of law generally as to the Products, then

TCSG shall provide written notice to Vinocur of any asserted change in the law and shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected. Nothing in this Settlement Agreement shall be interpreted to relieve TCSG from any obligation to comply with any pertinent state or federal toxics control law.

7. **NOTICE**

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and: (i) personally delivered; (ii) sent by first-class (registered or certified mail) return receipt requested; or (iii) sent by overnight courier, to one party by the other party at the following addresses:

For TCSG:

Jodi Taylor, Chief Financial and Administrative Officer  
The Container Store Group, Inc.  
500 Freeport Parkway  
Coppell, TX 75019

With a Copy to:

Tyler Drinkwine  
The Container Store, Inc.  
500 Freeport Parkway  
Coppell, TX 75019

For Vinocur:

Proposition 65 Coordinator  
The Chanler Group  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710-2565

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

**8. COUNTERPARTS; FACSIMILE AND SIGNATURES**

This Settlement Agreement may be executed in counterparts and by facsimile or pdf signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

**9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)**

Vinocur agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f).

**10. MODIFICATION**

This Settlement Agreement may be modified only by a written agreement of the Parties.

**11. AUTHORIZATION**

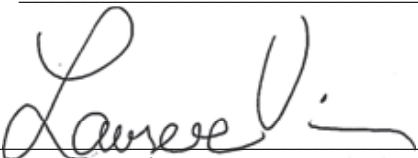
The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained herein.

**AGREED TO:**

**AGREED TO:**

Date: 4/5/2018

Date: \_\_\_\_\_

By:  \_\_\_\_\_  
Laurence Vinocur

By: \_\_\_\_\_  
Jodi Taylor, Chief Financial and  
Administrative Officer  
The Container Store Group, Inc.

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This Settlement Agreement may be executed in counterparts and by facsimile or pdf signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

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This Settlement Agreement may be modified only by a written agreement of the Parties.

**11. AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained herein.

**AGREED TO:**

**AGREED TO:**

Date: \_\_\_\_\_

Date: 4/3/18

By: \_\_\_\_\_  
Laurence Vinocur

By: Jodi Taylor  
Jodi Taylor, Chief Financial and  
Administrative Officer  
The Container Store Group, Inc.