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2	Attorney General of the State of California KEN ALEX	
3	Senior Assistant Attorney General EDWARD G. WEIL	
4	Supervising Deputy Attorney General SUSAN S. FIERING, State Bar No. 121621	
5	Deputy Attorney General 1515 Clay Street, 20 th Floor	ENDORSED FILED
6	P.O. Box 70550 Oakland, CA 94612-0550	ALAMEDA COUNTY
7	Telephone: (510) 622-2142	FEB 2 6 2009
		CLERK OF THE SUPERIOR COURT
8	Attorneys for People of the State of California ex rel. Edmund G. Brown Jr. Attorney General of the	By E. Opelski-Erickson, Deputy
9	State of California	
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11	SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF ALAMEDA	
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14	PEOPLE OF THE STATE OF CALIFORNIA ex rel.	Case No. RG08389960
15	EDMUND G. BROWN JR., Attorney General of the State of California,	STIPULATION FOR ENTRY
16	Plaintiffs,	OF CONSENT JUDGMENT AND ORDER THEREON
17	V.	(WHOLE FOODS MARKET CALIFORNIA, INC.)
18	AVALON NATURAL PRODUCTS, INC., BEAUMONT PRODUCTS, INC., NUTRIBIOTIC,	
19	WHOLE FOODS MARKET CALIFORNIA, INC., and Does 1 - 100	
	Defendants,	
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21		275 1 4 C 4 4 XXII - 1 - T 4 -
22	Plaintiff, the People of the State of California ("People") and defendant Whole Foods	
23	Market California, Inc. (Whole Foods-California) enter into this Stipulation for Entry of Consen	
24	Judgment (hereinafter "Consent Judgment") as follows:	
25	1. <u>Introduction</u>	
26	1.1 On May 29, 2008, the People of the State of Cal	ifornia, ex rel. Edmund G. Brown Jr.
27	("People") filed a Complaint for Civil Penalties and Injunctive Relief ("Complaint") in the	
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Superior Court of the State of California, County of Alameda against Whole Foods-California and other defendants.

- 1.2 Whole Foods-California is a company that employs more than ten persons and sells shower gels under the "365" brand name ("365 Shower Gels") and other shower gels and dish soaps under private brands ("Outside Brand Shower Gels and Dish Soaps") (collectively "Products") to consumers within the state of California. The list of "365 Shower Gels" covered by this Consent Judgment at the time of execution is attached as Exhibit A hereto. Additional 365 Shower Gels introduced by Whole Foods-California at a later time will also be covered by this Consent Judgment pursuant to Paragraph 9.2.
- 1.3 The People's Complaint alleges that Whole Foods-California, through the sale of Products to consumers in California, violated provisions of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health and Safety Code sections 25249.5 et seq. ("Proposition 65"), and Business and Professions Code sections 17200 et seq. ("Unfair Competition Act"), by knowingly and intentionally exposing persons to 1,4-dioxane, a chemical known to the State of California to cause cancer, without first providing a clear and reasonable warning to such individuals.
- 1.4 For purposes of this Consent Judgment only, the parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Whole Foods-California as to the acts alleged in the Complaint, that venue is proper in the County of Alameda and that this Court has jurisdiction to enter this Consent Judgment.
- 1.5 The Parties enter into this Consent Judgment to settle certain disputed claims as alleged in the Complaint and to avoid potentially lengthy and/or costly litigation between the Parties hereto. By execution of this Consent Judgment, the Parties do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law suggesting or demonstrating any violations of Proposition 65, the Unfair Competition Act, or any other statutory, common
- 1. Shower Gels shall mean liquid cleansers used in the shower or bath intended primarily to cleanse the body, not including hand soap or face wash.

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law or equitable requirements relating to the Products. Nothing in this Consent Judgment shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by the Parties, either individually or collectively, of any fact, conclusion of law, issue of law, or violation of law. Except as provided herein, nothing in this Consent Judgment shall prejudice, waive or impair any right, remedy, argument or defense the Parties may have in this or any other or future legal proceedings. This paragraph shall not diminish or otherwise affect the obligations, responsibilities, and duties of the Parties under this Consent Judgment.

2. Representations of Whole Foods-California

- 2.1 Whole Foods-California has provided a declaration under penalty of perjury to the Attorney General, representing as follows:
 - a. Prior to on or about March 14, 2008 Whole Foods-California was not aware of the presence of 1,4-dioxane in any amount in its 365 Shower Gels;
 - Upon learning of the alleged presence of 1,4-dioxane in its 365 Shower Gels,
 Whole Foods-California commissioned testing of its 365 Shower Gels;
 - c. Shortly after Whole Foods-California became aware of the presence of 1,4-dioxane in its Shower Gels, it commenced discussions with its suppliers to reformulate their 365 Shower Gels to reduce the level of 1,4-dioxane below 10 parts per million ("ppm");
 - d. As of August 1, 2008, all 365 Shower Gels received for sale into California contained no more than 10 ppm 1,4-dioxane.

3. Injunctive Relief

- 3.1 As of August 1, 2008 Whole Foods-California shall not receive for sale in California any 365 Shower Gels that contain more than 10 ppm of 1,4-dioxane, unless Whole Foods-California has provided a clear and reasonable warning consistent with Proposition 65 that the 365 Shower Gels contain a chemical known to the State of California to cause cancer.
- 3.2 As of August 1, 2008 Whole Foods-California shall require that any Outside Brand Shower Gels or Dish Soaps that Whole Foods-California receives for sale in California not

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contain more than 10 ppm of 1,4-dioxane, unless the Outside Brand Shower Gels or Dish Soaps contain a clear and reasonable warning consistent with Proposition 65 that the Outside Brand Shower Gels or Dish Soaps contain a chemical known to the State of California to cause cancer. Consistent with this requirement, for any Outside Brand Shower Gels or Dish Soaps that do not contain a clear and reasonable warning, Whole Foods-California shall, within thirty days of the entry of this Consent Judgment, send a letter ("Letter") to each of its vendors of Outside Brand Shower Gels or Dish Soaps which those vendors must sign and return, certifying that their products have been testing by an independent laboratory, and do not contain more than 10 ppm 1,4-dioxane. Whole Foods-California will provide copies of the returned Letters to the Attorney General's Office within ninety days of the date on which the Letters are sent to the vendors of Outside Brand Shower Bels and Dish Soaps. In the event that Whole Foods-California does not receive a signed Letter from any of its vendors of Outside Brand Shower Gels or Dish Soaps within sixty days of sending out the Letter, Whole Foods- California shall stop selling that vendor's Outside Brand Shower Gels or Dish Soaps until it receives the Letter, or until Whole Foods-California has provided or arranged to have provided a warning, as described in paragraph 3.3.

3.3 In the event that Whole Foods-California receives for sale in California 365 Shower Gels that contain more than 10 ppm of 1,4-dioxane after August 1, 2008, Whole Foods-California shall ensure that, prior to sale within California, the 365 Shower Gels shall have affixed or printed on them the following warning:

WARNING: This product contains a chemical known to the State of California to cause cancer.

Where the 365 Shower Gel is too small to receive a warning directly on the container, Whole Foods-California shall provide the warning on the display of such 365 Shower Gels. Such warning shall be prominently affixed to or printed on the 365 Shower Gels or on the display with such conspicuousness, as compared with other words, statements, designs or devices on the label or display as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use. The requirement for product labeling set forth herein is

imposed pursuant to the terms of this Consent Judgment. The parties recognize that product labeling is not the exclusive method of providing a warning under Proposition 65 and its implementing regulations. In the event that Whole Foods-California seeks to use an alternative warning method that complies with Proposition 65, Whole Foods-California will send the Attorney General a written request to modify this Consent Judgment to permit such method of warning. The Attorney General will not unreasonably withhold agreement to such modification. In any event, the Attorney General's withholding agreement shall not be considered in any way a breach of this Consent Judgment, and Whole Foods shall not change the method of warning set out in this Consent Judgment unless the Consent Judgment has been modified by the Court pursuant to paragraph 15.1 below.

- 3.4 <u>Testing Requirements for 365 Shower Gels:</u> Beginning thirty days after the Effective date of this agreement, Whole Foods-California shall, on a quarterly basis, test randomly selected samples from each lot of 365 Shower Gels received for sale in California to ensure that the levels of 1,4-dioxane are below 10 ppm. Testing shall be performed by a laboratory certified by the California Environmental Laboratory Accreditation Program for the analysis of volatile organics in water. The laboratory shall conduct the testing according to the protocol attached as Exhibit B hereto.
- 3.5 Whole Foods-California shall continue testing for a period of at least two years after the Effective Date of this agreement. Whole Foods-California may cease testing after two years as long as no samples of the 365 Shower Gels have tested in excess of 10 ppm 1,4-dioxane. In the event that, after testing has ceased, Whole Foods-California or its suppliers change the formulation or processing of the 365 Shower Gels in any manner that will affect the levels of 1,4-dioxane, Whole Foods shall resume the testing process as set forth above.
- 3.6 Whole Foods-California shall retain copies of its test data for a period of four years from the date of testing and shall turn over all test data to the Attorney General upon written request.
 - 4. Notice of Violation for Outside Brand Shower Gels and Dish Soaps
 - 4.1 Notice of Violation. In the event that, at any time following the Effective Date of this

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Agreement, the Attorney General identifies one or more Outside Brand Shower Gels or Dish Soaps that he believes do not comply with Section 3 of this Consent Judgment, the Attorney General may issue a Notice of Violation to Whole Foods-California pursuant to this section (Notice of Violation).

4.1.1 The Notice of Violation shall be sent to Whole Foods-California as follows:

John H. Hempfling, II Litigation Management Counsel Whole Foods Market Central Office 550 Bowie Street, Austin, Texas 78703

with a copy to:

Vanessa C. Adriance Gibson, Dunn & Crutcher 333 S. Grand Ave., Los Angeles, CA 90071

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- 4.1.2 The Notice of Violation shall set forth for each Outside Brand Shower Gel or Dish Soap: (a) the date(s) on which the alleged violation(s) was observed, (b) the location at which the Outside Brand Shower Gel or Dish Soap was offered for sale, (c) a description of the Outside Brand Shower Gel or Dish Soap giving rise to the violation, and, except as set forth below, (d) test data obtained by the Attorney General regarding the Outside Brand Shower Gel or Dish Soap. In the event that the Attorney General obtains test data that is official information pursuant to Evidence Code section 1040 or that he is required by law to maintain as confidential, he shall not be required to disclose such test data to Whole Foods-California.
- 4.2 <u>Notice of Election</u>: No more than thirty (30) days after receiving a Notice of Violation, Whole Foods-California shall provide written notice to the Attorney General whether or not it elects to contest the allegations contained in a Notice of Violation ("Notice of Election")
- 4.2.1 If Whole Foods-California elects to contest the Notice of Violation, the Notice of Election shall include all then-available documentary evidence regarding the alleged violation, including all test data, if any. Upon election by Whole Foods-California to contest the Notice of Violation, the Attorney General may take whatever enforcement action he deems appropriate pursuant to Section 8 below.

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- 4.2.2 If Whole Foods-California elects not to contest the Notice of Violation, the Notice of Election shall include a description of Whole Foods-California's corrective action pursuant to section 4.2.3 below, and a copy of the Letter from the vendor of the Outside Brand Shower Gel or Dish Soap.
- 4.2.3 If Whole Foods-California elects not to contest the allegations in a Notice of Violation within thirty (30) days of receipt of the Notice of Violation, it shall take immediate steps to remove the Outside Brand Shower Gel or Dish Soap from sale in California and shall not resume sale of the Outside Brand Shower Gel or Dish Soap in California until it has provided to the Attorney General evidence that either (a) the levels of 1,4-dioxane in the Outside Brand Shower Gel or Dish Soap are no more than 10 ppm or (b) the Outside Brand Shower Gel or Dish Soap contains the required Proposition 65 warning. Whole Foods-California shall make available to the Attorney General for inspection and/or copying all records and correspondence regarding the corrective action. If there is a dispute over the corrective action, the Parties shall meet and confer before seeking any remedy in court.
- 4.3 Penalty in Non-Contested Matters. Whole Foods-California shall be required to pay a penalty amount as specified below for any described Non-contested Notice of Violation:
- 4.3.1 If Whole Foods-California serves a Notice of Election not to contest the allegations in a Notice of Violation within thirty (30) days of receipt of the Notice of Violation, and provides to the Attorney General a copy of the Letter from the vendor of the Outside Brand Shower Gel or Dish Soap issued prior to the date of the alleged violation, it shall not be required to pay any penalty amount pursuant to this Section. In the event that Whole Foods serves the Notice of Election not to contest within thirty (30) days, but is unable to provide a copy of the Letter from the Vendor of the Outside Brand Shower Gel or Dish Soap issued prior to the date of the alleged violation, it shall be required to pay a penalty of \$2,000.
- 4.3.2 In the event that Whole Foods-California serves a Notice of Election to contest the allegations in the Notice of Violation, and later withdraws that Notice of Election, before an enforcement action is filed, it shall pay a penalty of \$2,000 in addition to any applicable penalty for failure to provide a copy of the Letter.

4.3.3 Any penalty payments made pursuant to this section shall be made within fifteen days of the service of a Notice of Election not to contest or within fifteen days of a withdrawal of the Notice of Election to contest.

5. Settlement Payments - Civil Penalties

5.1 Within thirty (30) days after the Effective Date of this Consent Judgment, as full, final and complete satisfaction of all claims for civil penalties or restitution for the alleged violations of Proposition 65 as regards 1,4-dioxane in the Products up to and including the date of entry of this Consent Judgment, Whole Foods-California shall pay the sum of seven thousand five hundred dollars (\$7,500.00) by mailing a check, payable to the "Office of the Attorney General of the State of California" (Attn: Susan S. Fiering, Deputy Attorney General), 1515 Clay Street, 20th Floor, P.O. Box 70550, Oakland, CA 94612. Payment of the preceding amount shall be made as a civil penalty pursuant to Health & Safety Code Section 25249.7(b) and 25249.11(c). Making this payment shall not be construed as an admission by Whole Foods-California of any fact, conclusion of law, or violation of law, nor shall compliance with the Consent Judgment constitute or be construed as an admission by Whole Foods-California of any fact, conclusion of law, or violation of law.

6. Settlement Payments - Payment of Costs and Fees

6.1 Within thirty (30) days after the Effective Date of this Consent Judgment, Whole Foods-California shall pay the amount of seven thousand five hundred dollars (\$7,500) as reimbursement of the Attorney General's costs incurred in investigating, bringing this action and negotiating a settlement, by mailing a check, payable to the "Office of the Attorney General of the State of California", 1515 Clay Street, 20th Floor, P.O. Box 70550 Oakland, CA 94612 (Attn: Susan S. Fiering, Deputy Attorney General) to be used by the Attorney General for the purpose of obtaining experts and consultants, and for other costs associated with the investigation and prosecution of other actions under Proposition 65.

7. Additional Enforcement Actions; Continuing Obligations

7.1. By entering into this Consent Judgment, the People do not waive any right to take further enforcement actions on any violations not covered by the Complaint or this Consent

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Judgment. Nothing in this Consent Judgment shall be construed as diminishing Whole Foods-California's continuing obligation to comply with Proposition 65 or the Unfair Competition Law in its future activities.

8. Enforcement of Consent Judgment

8.1. The People may, by motion or order to show cause before the Superior Court of Alameda enforce the terms and conditions contained in this Consent Judgment. In any action brought by the People to enforce this Consent Judgment, the People may seek whatever fines, costs, penalties or remedies as provided by law for failure to comply with the Consent Judgment. Where said failure to comply constitutes future violations of Proposition 65 or other laws, independent of the Consent Judgment and/or those alleged in the Complaint, the People are not limited to enforcement of this Consent Judgment but may seek in another action whatever fines, costs, penalties or remedies are provided by law for failure to comply with Proposition 65 or other laws. However, the rights of Whole Foods-California to defend itself and its actions in law or equity shall not be abrogated or reduced in any fashion by the terms of this paragraph, except that Whole Foods-California shall not contest its obligation to comply with this Consent Judgment as long as this Consent Judgment remains in effect.

Application of Consent Judgment 9.

- 9.1 The Consent Judgment shall apply to, be binding upon and inure to the benefit of, the parties, their divisions, subdivisions, subsidiaries, and affiliates, and the successors or assigns of each of them to the extent they sell the Products in the State of California. Unless otherwise provided herein, any change in ownership, partnership status or corporate status of Whole Foods-California, including, but not limited to, any transfer of assets or real or personal property, shall in no way alter Whole Foods-California's responsibilities under this Consent Judgment and Whole Foods-California shall be responsible and shall remain responsible for carrying out all activities required of it under this Consent Judgment.
- 9.2 All new Products introduced by Whole Foods-California into the stream of commerce for distribution or sale in California shall be governed by this Consent Judgment.

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10. Effective Date

10.1 The "Effective Date" of this Consent Judgment shall be the date upon which this Court enters this Consent Judgment.

11. Authority to Stipulate to Consent Judgment

11.1 Each signatory to this Consent Judgment certifies that he or she is fully authorized by the party he or she represents to enter into this Consent Judgment on behalf of the party represented and legally to bind that party.

12. Claims Covered

12.1 Except as provided elsewhere herein, this Consent Judgment is a final and binding resolution between the People and Whole Foods-California and the entities referred to in paragraph 9.1 of any and all alleged violations of Proposition 65 or the Unfair Competition Law, Business and Professions Code Sections 17200 et seq. arising from the alleged failure of Whole Foods-California's or any of the entities referred to in paragraph 9.1 to provide clear and reasonable warnings pursuant to Proposition 65 of exposure to 1,4-dioxane from use of the Products that were committed prior to the Effective Date. Compliance with the terms of this Consent Judgment constitutes compliance by Whole Foods-California, including the entities described in paragraph 9.1, with Proposition 65 as to 1,4-dioxane in the Products. Nothing in this Consent Judgment shall affect the liability of any business, other than Whole Foods-California (including the entities described in paragraph 9.1), that manufacture, distribute or sell Outside Brand Shower Gels or Dish Soaps in California.

13. Retention of Jurisdiction

13.1 This Court shall retain jurisdiction of this matter to implement the Consent Judgment.

14. Entire Agreement

14.1 This Consent Judgment contains the sole and entire agreement and understanding of the parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any party hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be

1	deemed to exist or to bind any of the parties.
2	15. Modification
3	15.1 This Consent Judgment may be modified from time to time by express written
4	agreement of Whole Foods-California and the Attorney General with the approval of the Court,
5	or by an order of this Court pursuant to noticed motion of any party.
6	16. Execution in Counterparts
7	16.1 This Consent Judgment may be executed in counterparts, which taken together shall be
8	deemed to constitute one and the same document.
9	17. Entry of Stipulation for Entry of Consent Judgment Required
O	17.1 This Stipulation for Entry of Consent Judgment shall be null and void, and be without
.1	any force or effect, unless entered by the Court in this matter. If the Stipulation for Entry of
2	Consent Judgment is not entered by the Court, the execution of this Stipulation for
3	Entry of Consent Judgment by Whole Foods-California, shall not be construed as an admission
.4	by Whole Foods-California of any fact, issue of law or violation of law.
5	IT IS SO STIPULATED:
.6 .7	Dated: //30/09 EDMUND G. BROWN JR., Attorney General of the State of California KEN ALEX Senior Assistant Attorney General
8	EDWARD G.WEIL Supervising Deputy Attorney General
9	SUSAN S. FIERING Deputy Attorney General
20	Deputy Patoriney General
21	By: /// SUSAN S. FIERING
22	Deputy Attorney General Attorneys for the People of the State of California ex rel.
23	Edmund G. Brown Jr., Attorney General of the State of California
24	Cantornia
25	Dated: WHOLE FOODS MARKET CALIFORNIA, INC.
26	By:
27	ROBERTA LANG
28	Its: VICE PRESIDENT & TREASURER
	11 STIPULATION FOR ENTRY CONSENT JUDGMENT (WHOLE FOODS MARKET CALIFORNIA, INC.)
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1	Mrs. Gooch's Natural Food Markets, Inc., a California Corporation ("Mrs. Gooch's")	
2	acknowledges that it is an affiliate of Whole Foods Market-California, Inc. within the meaning of	
3	paragraph 9.1, and insofar as it operates in California, Mrs. Gooch's agrees to be bound by this	
4	Consent Judgment and shall be a beneficiary thereof. Mrs. Gooch's shall not be obligated to	
5	make any payments pursuant to Paragraphs 5.1 and 6.1 thereof.	
6	Dated: MRS. GOOCH'S NATURAL FOOD MARKETS, INC.	
7	Dated,	
8	By:	
9	Its: ROBERTA LANG	
10	VICE PRESIDENT AND TREASURER	
11	APPROVED AS TO FORM:	
12	Dated: 1/29/09 GIBSON, DUNN & CRUTCHER	
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14	By: VMC C. ADRIANCE	
15	Counsel for Whole Foods Market California, Inc.	
16	IT IS SO ORDERED:	
17	STEVEN A DDIOK	
18	Dated: FEB 2 6 2009 JUDGE, SUPERIOR COURT, COUNTY OF ALAMEDA	
19	STEVEN A BRICK	
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EXHIBIT A

- 1. Shower Gel Citrus Grapefruit, 2 oz. size
- 2. Shower Gel Citrus Grapefruit, 16 oz. size
- 3. Shower Gel Citrus Grapefruit, 32 oz. size
- 4. Shower Gel Lavender Blend, 2 oz. size
- 5. Shower Gel Lavender Blend, 16 oz. size
- 6. Shower Gel Lavender Blend, 32 oz. size
- 7. Shower Gel Herbal Mint, 16 oz. size
- 8. Shower Gel Herbal Mint, 32 oz. size
- 9. Shower Gel Fragrance Free, 16 oz. size
- 10. Shower Gel Fragrance Free, 32 oz. size

Exh A.doc

PROTOCOL

Summary of Method:

An aliquot of sample (\sim 1 g) is accurately weighed into a vial with 5 mL water and one gram of sodium sulfate. Internal standard (5 $\mu\mu$ g 1,4-Dioxane-d8) is added. The vial is capped and heated at 95 °°C for 60 minutes. A one mL aliquot of the headspace over the sample is analyzed by direct injection using the following GCMS conditions or equivalent.

GCMS Conditions

Instrument: Agilent 5973N

Column: 25 m x 0.20 mm HP-624, 1.12 micron film

Column Temp: 40 °°C (hold 3 min) to 100 °°C at 10 °°C/min, then to 180 °°C at 25 °°C/min

(hold 5 min)

Injector Temp: 220 °°C

Mass Range: Selected ion monitoring: masses 43, 58, and 88 (dioxane): 64 and 96 (dioxane-d8);

1.72 cycles per second

Quality control shall include at a minimum

1. Calibration using a blank and a minimum of 4 standards over the range of 0.5 to 10 micrograms of 1,4-dioxane with a regression fit R squared >0.995.

- 2. A method blank analyzed just prior to the samples must be free of 1,4-dioxane (<1 ppm)
- 3. Continuing calibration standards should be analyzed after every 10 or fewer samples, and the result must be within 10% of the initial calibration.
- 4. With each batch of 20 or fewer samples, one of the samples must be analyzed in duplicate and as a spiked sample. QC limits for duplicates which exceed 5 ppm is <25% relative percent difference. QC limits for spiked samples is 75-125% recovery when the amount spiked is greater than or equal to the background in the unspiked sample.