

Counsel for Plaintiff
CENTER FOR ENVIRONMENTAL HEALTH

**CENTER FOR ENVIRONMENTAL
HEALTH,**

Plaintiff,

V.

AESOP USA, INC., et al.,

Defendants.

1.1 The Parties to this Consent Judgment are the Center for Environmental Health, a California non-profit corporation (“CEH”) and New Receiptco Opco, LLC dba Domtar, which was previously dba Iconex Paper (“Settling Defendant”). CEH and Settling Defendant (the “Parties”) enter into this Consent Judgment to settle certain claims asserted by CEH against Settling Defendant as set forth in the operative complaint (“Complaint”) in the above-captioned matter.

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1 Proposition 65 to the California Attorney General, the District Attorneys of every county in
2 California, the City Attorneys of every California city with a population greater than 750,000,
3 and to Settling Defendant, alleging that Settling Defendant violated Proposition 65 by exposing
4 persons to Bisphenol S (“BPS”) contained in thermal receipt paper without first providing a clear
5 and reasonable Proposition 65 warning.

6 1.3 Settling Defendant is a corporation or other business entity that manufactures,
7 distributes, sells, offers to sell, provides, or offers to provide thermal receipt paper in the State of
8 California or has done so in the past.

9 1.4 BPS was listed by the State of California as a chemical known to cause female
10 reproductive harm on December 29, 2023.

11 1.5 Settling Defendant asserts that, beginning in February 2024, it notified its
12 customers that certain of Settling Defendant’s products contained BPS and that BPS would
13 become subject to Proposition 65’s warning requirement regarding reproductive toxicity on
14 December 29, 2024. Settling Defendant utilized multiple communication channels, including
15 direct mail to registered email addresses in June and October 2024, direct in-person and virtual
16 meetings, and other media channels and was explicit in these communications that its customers
17 bore the ultimate responsibility to warn persons who may be exposed to BPS from use of thermal
18 receipt paper. Settling Defendant advised current and potential customers to utilize thermal paper
19 products that are free of BPS and other phenols and to avoid a substitute product that was
20 introduced to the market by other suppliers in late 2024.

21 1.6 Beginning in June 2024, Settling Defendant also began implementing Proposition
22 65 warning labels on the external packaging of thermal receipt paper containing BPS that it
23 supplied to its customers. In August 2024, Settling Defendant began applying Proposition 65
24 warning labels on all outbound communications, including order confirmations, shipping
25 documents such as bills of lading and packing lists, invoices, and email signatures.

26 1.7 Settling Defendant also asserts that, beginning in early 2024, it also invested in
27 developing rigorous and costly testing protocols and quality controls throughout the
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1 manufacturing process to ensure product compliance and to offer additional protection to its
2 customers. Settling Defendant initially focused its reformulation and implementation efforts on
3 the California market but has expanded these efforts so that by December 31, 2026, Settling
4 Defendant expects to offer only Phenol Free thermal receipt paper nationwide.

5 1.8 On April 3, 2025, CEH filed the original Complaint in the above-captioned matter.
6 On July 21, 2025, CEH filed a First Amended Complaint naming Settling Defendant as a
7 defendant.

8 1.9 For purposes of this Consent Judgment only, the Parties stipulate that this Court
9 has jurisdiction over the allegations of violations contained in the Complaint and personal
10 jurisdiction over Settling Defendant as to the acts alleged in the Complaint, that venue is proper
11 in the County of San Francisco, and that this Court has jurisdiction to enter and enforce this
12 Consent Judgment as a full and final resolution of all claims which were or could have been
13 raised in the Complaint based on the facts alleged therein with respect to Covered Products that
14 Settling Defendant manufactured, distributed, purchased for use, sold, offered to sell, provided, or
15 offered to provide.

16 1.10 Nothing in this Consent Judgment is or shall be construed as an admission by the
17 Parties of any fact, conclusion of law, issue of law, or violation of law, nor shall compliance with
18 the Consent Judgment constitute or be construed as an admission by the Parties of any fact,
19 conclusion of law, issue of law, or violation of law. Nothing in this Consent Judgment shall
20 prejudice, waive or impair any right, remedy, argument, or defense the Parties may have in any
21 other pending or future legal proceedings. This Consent Judgment is the product of negotiation
22 and compromise and is accepted by the Parties solely for purposes of settling, compromising, and
23 resolving issues disputed in this action.

24 **2. DEFINITIONS**

25 2.1 “Compliance Date” means September 1, 2025.

26 2.2 “Covered Products” means thermal receipt paper.

27 2.3 “Effective Date” means the date of entry of this Consent Judgment.
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2.4 “Phenol Free Product” means a Covered Product that contains (a) no Restricted Phenols; and (b) no Other Restricted Substances.

2.5 “Restricted Phenols” means Bisphenol A, Bisphenol S, 2,4-Bisphenol S, Bisphenol S-MAE, Bisphenol S-MPE, Bisphenol AF, Bisphenol AP, Bisphenol B, Bisphenol C, Bisphenol E, Bisphenol F, Bisphenol P, and Bisphenol Z, BisOPP-A, MBHA, PHBB, TGSA, D-8, D-90, DD-70, and any other phenol that a manufacturer has intentionally added to a product.

2.6 “Other Restricted Substances” means BTUM (CAS RN 151882-81-4) and Pergafast 201 that a manufacturer has intentionally added to a product.

3. INJUNCTIVE RELIEF

3.1 **Reformulation of Covered Products.** On or before the Compliance Date, Settling Defendant shall only sell or offer for sale Phenol Free Products for use in California.

3.2 **Notification to Direct Downstream Purchasers.** On or before the Compliance Date, Settling Defendant notified certain of its direct downstream purchasers such as conditioners, wholesalers, and distributors that, in relation to Settling Defendant’s Covered Products, those downstream purchasers shall only sell or offer for sale Settling Defendant’s Phenol Free Products for use in California. Settling Defendant shall notify all remaining direct downstream purchases such as conditioners, wholesalers, and distributors of the foregoing no later than June 30, 2026.

4. ENFORCEMENT

4.1 **General Enforcement Provisions.** CEH may, by motion or application for an order to show cause before this Court, enforce the terms and conditions contained in this Consent Judgment.

4.2 **Enforcement of Section 3.1.**

4.2.1 Prior to bringing any motion or application to enforce the requirements of Section 3.1 above, CEH shall provide Settling Defendant with a notice setting forth the factual basis for the alleged violation of Section 3.1 (“Notice of Violation”). For purposes of enforcement, a detection in excess of 200 parts per million (“ppm”) of total content of BPA, BPS,

1 any Restricted Phenol or Other Restricted Substance creates a rebuttable presumption that a
2 Covered Product is not Phenol Free. The Notice of Violation must include (i) a copy of the
3 receipt(s) or other allegedly violative thermal paper, (ii) if a receipt does not contain a register
4 number, a description and/or photograph of the location of the register from which such receipt
5 was printed sufficient to allow Settling Defendant to identify the register, or a description of the
6 location from which other allegedly violative Covered Products were found, and (iii) any test
7 results or other data establishing that the Covered Product was not Phenol Free.

8 4.2.2 Settling Defendant shall provide its response to the Notice of Violation
9 within 45 days. The Parties shall then meet and confer regarding the basis for CEH's anticipated
10 motion or application in an attempt to resolve it informally. Should such attempts at informal
11 resolution fail, CEH may file its enforcement motion or application.

12 4.2.3 In response to a first Notice of Violation, if Settling Defendant
13 demonstrates that the alleged violation was the result of downstream contamination occurring
14 after the Covered Product left Settling Defendant's possession or control, or provides evidence of
15 corrective action taken to cure the alleged violation, CEH shall take no further action against
16 Settling Defendant on such Notice of Violation, and no monetary penalty or other monetary
17 remedy shall apply to Settling Defendant with respect to such first Notice of Violation.

18 4.2.4 In the event that CEH and Settling Defendant are unable to resolve a
19 Notice of Violation, CEH may file its enforcement motion or application. In any enforcement
20 proceeding under this section, Settling Defendant may successfully contest a Notice of Violation
21 by demonstrating (for example, through test results, internal policies, and/or declarations) that:
22 (1) no Restricted Phenols and Other Restricted Substances were intentionally added to the
23 Covered Product(s) at issue; and (2) any exceedance of the 200 ppm requirement for BPA and/or
24 BPS was the result of downstream contamination and not the manufacturing process.

25 4.3 **Remedies.** The prevailing party on any motion to enforce this Consent Judgment
26 shall be entitled to its reasonable attorneys' fees and costs associated with the motion. In
27 addition, should CEH prevail on a motion to enforce the Consent Judgment, Settling Defendant
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shall pay \$15,000 to be allocated between a civil penalty and Additional Settlement Payment (“ASP”) as follows: 57% to civil penalties and 43% to ASP. In the event that Settling Defendant does not contest CEH’s Notice of Violation, Settling Defendant shall pay \$5,000 to be divided between a civil penalty and ASP in accordance with the allocation set forth above along with CEH’s attorneys’ fees and costs associated with resolving the Notice of Violation. Nothing in this Section 4.1 shall impact the Court’s authority in an enforcement proceeding to impose appropriate remedies, including sanctions or the provision of a clear and reasonable warning.

5. PAYMENTS

5.1 Payments by Settling Defendant. Within five calendar days of the Effective Date, Settling Defendant shall pay the total sum of \$120,000 as a settlement payment as further set forth in this Section.

5.2 Allocation of Payments. The total settlement amount for Settling Defendant shall be paid in five separate checks in the amounts specified below and delivered as set forth below. Any failure by Settling Defendant to comply with the payment terms herein shall be subject to a stipulated late fee to be paid by Settling Defendant in the amount of \$100 for each day the full payment is not received after the applicable payment due date set forth in Section 5.1. The late fees required under this Section shall be recoverable, together with reasonable attorneys’ fees and costs, in an enforcement proceeding brought pursuant to Section 4 of this Consent Judgment. The funds paid by Settling Defendant shall be allocated as set forth below between the following categories and made payable as follows:

5.2.1 \$31,000 as a civil penalty pursuant to Health & Safety Code § 25249.7(b). The civil penalty payment shall be apportioned in accordance with Health & Safety Code § 25249.12 (25% to CEH and 75% to the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”)). Accordingly, the OEHHA portion of the civil penalty payment for \$23,250 shall be made payable to OEHHA and associated with taxpayer identification number 68-0284486. This payment shall be delivered as follows:

For United States Postal Service Delivery:

Attn: Mike Gyurics
Deputy Director for Administrative Services
Office of Environmental Health Hazard Assessment
P.O. Box 4010, MS #19B
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Attn: Mike Gyurics
Deputy Director for Administrative Services
Office of Environmental Health Hazard Assessment
1001 I Street, MS #19B
Sacramento, CA 95814

The CEH portion of the civil penalty payment for \$7,750 shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This payment shall be delivered to Lexington Law Group, LLP, 503 Divisadero Street, San Francisco, CA 94117.

5.2.2 \$23,000 as an ASP to CEH pursuant to Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3204. CEH will use such funds to continue its work educating and protecting people from exposures to toxic chemicals, including BPS, in thermal paper and other products. CEH may also use a portion of such funds to monitor compliance with this Consent Judgment and to purchase and test Settling Defendant's products to confirm compliance. CEH shall obtain and maintain adequate records to document that ASPs are spent on these activities and CEH agrees to provide such documentation to the Attorney General within thirty (30) days of any request from the Attorney General. The payment pursuant to this Section shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This payment shall be delivered to Lexington Law Group, LLP, 503 Divisadero Street, San Francisco, CA 94117.

5.2.3 \$66,000 as a reimbursement of a portion of CEH's reasonable attorneys' fees and costs (including but not limited to expert and investigative costs). The attorneys' fees and cost reimbursement shall be made in two separate checks as follows: (a) \$60,000 payable to the Lexington Law Group, LLP and associated with taxpayer identification number 88-4399775; and (b) \$6,000 payable to the Center for Environmental Health and associated with taxpayer

identification number 94-3251981. Both of these payments shall be delivered to Lexington Law Group, LLP, 503 Divisadero Street, San Francisco, CA 94117.

5.2.4 To summarize, Settling Defendant shall deliver checks made out to the payees and in the amounts set forth below:

Payee	Type	Amount	Deliver To
OEHHA	Penalty	\$23,250	OEHHA
Center for Environmental Health	Penalty	\$7,750	Lexington Law Group, LLP
Center for Environmental Health	ASP	\$23,000	Lexington Law Group, LLP
Lexington Law Group, LLP	Fees and Costs	\$60,000	Lexington Law Group, LLP
Center for Environmental Health	Fees and Costs	\$6,000	Lexington Law Group, LLP

6. MODIFICATION

6.1 **Modification.** This Consent Judgment may be modified from time to time by express written agreement of the Parties, with the approval of the Court, or by an order of this Court upon motion and in accordance with law.

6.2 **Notice; Meet and Confer.** Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with all affected Parties prior to filing a motion to modify the Consent Judgment.

7. CLAIMS COVERED AND RELEASE

7.1 Provided that Settling Defendant complies in full with its obligations under Section 5 hereof, this Consent Judgment is a full, final, and binding resolution between CEH on behalf of itself and the public interest and Settling Defendant and its parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, agents, shareholders, successors, assigns, and attorneys (“Defendant Releasees”), and all entities to which Settling Defendant distributes or sells Covered Products, such as distributors, wholesalers, conditioners, and customers (“Downstream Defendant Releasees”), of any violation of Proposition 65 based on failure to warn about alleged exposure to BPS contained in Covered

1 Products that Settling Defendant distributed, purchased for use, sold, offered to sell, provided, or
2 offered to provide prior to the Compliance Date.

3 7.2 Provided that Settling Defendant complies in full with its obligations under
4 Section 5 hereof, CEH, for itself and its agents, successors, and assigns, releases, waives, and
5 forever discharges any and all claims against Settling Defendant, Defendant Releasees, and
6 Downstream Defendant Releasees arising from any violation of Proposition 65 or any other
7 statutory or common law claims that have been or could have been asserted by CEH regarding
8 the failure to warn about exposure to BPS arising in connection with Covered Products that
9 Settling Defendant distributed, purchased for use, sold, offered to sell, provided, or offered to
10 provide prior to the Compliance Date.

11 7.3 The releases set forth in Sections 7.1 and 7.2 shall not apply to any Downstream
12 Defendant Releasee that received a 60-day Notice under Proposition 65 related to alleged BPS
13 exposures resulting from use of Covered Products prior to the Compliance Date.

14 7.4 Provided that Settling Defendant complies in full with its obligations under
15 Section 5 hereof, compliance with the terms of this Consent Judgment by Settling Defendant
16 shall constitute compliance with Proposition 65 by Settling Defendant and Defendant Releasees
17 with respect to any alleged failure to warn about BPS in Covered Products that Settling
18 Defendant distributed, purchased for use, sold, offered to sell, provided, or offered to provide
19 after the Compliance Date.

20 **8. PROVISION OF NOTICE**

21 8.1 When CEH is entitled to receive any notice under this Consent Judgment, the
22 notice shall be sent by electronic mail to:

23 Mark Todzo
24 Patrick Carey
25 Lexington Law Group, LLP
26 503 Divisadero Street
27 San Francisco, CA 94117
28 mtodzo@lexlawgroup.com
pcarey@lexlawgroup.com

8.2 When Settling Defendant is entitled to receive any notice under this Consent

Judgment, the notice shall be sent by electronic mail to:

Trenton H. Norris
Hogan Lovells US LLP
4 Embarcadero Center, Suite 3500
San Francisco, CA 94111
trent.norris@hoganlovells.com

Any Party may modify the person and/or address to whom the notice is to be sent by sending the other Party notice by electronic mail.

9. COURT APPROVAL

9.1 This Consent Judgment shall become effective upon the date signed by CEH and Settling Defendant, whichever is later, provided however, that CEH shall prepare and file a Motion for Approval of this Consent Judgment and Settling Defendant shall support entry of this Consent Judgment by the Court.

9.2 If this Consent Judgment is not entered by the Court, it shall be of no force or effect and shall not be introduced into evidence or otherwise used in any proceeding for any purpose other than to allow the Court to determine if there was a material breach of Section 9.1.

10. GOVERNING LAW AND CONSTRUCTION

10.1 The terms of this Consent Judgment shall be governed by the laws of the State of California.

11. ATTORNEYS' FEES

11.1 Should Plaintiff prevail on any motion, application for an order to show cause, or other proceeding to enforce a violation of this Consent Judgment, Plaintiff shall be entitled to its reasonable attorneys' fees and costs incurred as a result of such motion or application. Should Settling Defendant prevail on any motion application for an order to show cause or other proceeding, that Settling Defendant may be awarded its reasonable attorneys' fees and costs against Plaintiff as a result of such motion or application upon a finding by the Court that Plaintiff's prosecution of the motion or application lacked substantial justification. For purposes

1 of this Consent Judgment, the term substantial justification shall carry the same meaning as used
2 in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, *et seq.*

3 11.2 Nothing in this Section 11 shall preclude a Party from seeking an award of
4 sanctions pursuant to law.

5 **12. ENTIRE AGREEMENT**

6 12.1 This Consent Judgment contains the sole and entire agreement and understanding
7 of the Parties with respect to the entire subject matter hereof, and any and all prior discussions,
8 negotiations, commitments, or understandings related thereto, if any, are hereby merged herein
9 and therein. There are no warranties, representations, or other agreements between the Parties
10 except as expressly set forth herein. No representations, oral or otherwise, express or implied,
11 other than those specifically referred to in this Consent Judgment have been made by any Party
12 hereto. No other agreements not specifically contained or referenced herein, oral or otherwise,
13 shall be deemed to exist or to bind any of the Parties hereto. Any agreements specifically
14 contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the
15 Parties hereto only to the extent that they are expressly incorporated herein. No supplementation,
16 modification, waiver, or termination of this Consent Judgment shall be binding unless executed in
17 writing by the Party to be bound thereby. No waiver of any of the provisions of this Consent
18 Judgment shall be deemed or shall constitute a waiver of any of the other provisions hereof
19 whether or not similar, nor shall such waiver constitute a continuing waiver.

20 **13. RETENTION OF JURISDICTION**

21 13.1 This Court shall retain jurisdiction of this matter to implement or modify the
22 Consent Judgment.

23 **14. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT**

24 14.1 Each signatory to this Consent Judgment certifies that he or she is fully authorized
25 by the Party he or she represents to stipulate to this Consent Judgment and to enter into and
26 execute the Consent Judgment on behalf of the Party represented and legally to bind that Party.
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Judge of the Superior Court

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IT IS SO STIPULATED:

Dated: <u>July 15</u>, 2026	CENTER FOR ENVIRONMENTAL HEALTH  _____ Kizzy Charles-Guzman Director
Dated: _____, 2026	NEW RECEIPTCO OPCO, LLC, DBA DOMTAR _____ Signature _____ Printed Name _____ Title

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CENTER FOR ENVIRONMENTAL HEALTH

Signature

CEO Paper and Packaging
Title