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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

PEOPLE OF THE STATE OF CALIFORNIA, ex rel. XAVIER BECERRA Attorney General of the State of California, PEOPLE OF THE STATE OF CALIFORNIA, ex rel. MEREDITH WILLIAMS, Director of the California Department of Toxic Substances Control, PEOPLE OF THE STATE OF CALIFORNIA, ex rel. NANCY E. O'MALLEY, Alameda County District Attorney, Plaintiffs, **v.** **SCHNITZER STEEL INDUSTRIES, INC., an Oregon Corporation,** Defendant.	Case No. **STIPULATION FOR ENTRY OF FINAL JUDGMENT AND ORDER ON CONSENT** (Code of Civ. Proc., § 664.6)

Plaintiffs, People of the State of California, ex rel. Xavier Becerra, Attorney General of the State of California ("Attorney General"), People of the State of California, ex rel. Meredith Williams, Director of the California Department of Toxic Substances Control ("DTSC"), and People of the State of California, ex rel. Nancy E. O'Malley, District Attorney of the County of Alameda ("District Attorney"), collectively "the People," and Defendant, Schnitzer Steel Industries, Inc. ("Schnitzer") (collectively, "the Parties" or individually, "Party") enter into this Stipulation for Entry of Final Judgment and Order on Consent ("Stipulation"), and stipulate as follows:

1. THE COMPLAINT AND INTRODUCTION

The People have filed a Complaint for Civil Penalties and Injunctive Relief ("Complaint") under the California Hazardous Waste Control Law (Health & Saf. Code, § 25100 et seq.) and its implementing regulations (Cal. Code Regs., tit. 22, § 66260.1 et seq.) (collectively, "HWCL"); Fish and Game Code section 5650; the Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") (Health & Saf. Code, § 25249.5 et seq.); Nuisance under Health and Safety Code section 41700 et seq. ("Nuisance"); and the California Unfair Competition Law ("UCL") (Bus. & Prof. Code, § 17200 et seq.) against Schnitzer, which owns and operates the facility located at 1101 Embarcadero West, Oakland, Alameda County, California 94607 (the "Oakland Facility"). Schnitzer's operations at the Oakland Facility include, but are not limited to, shredding of end-of-life automobiles and appliances and other recyclable metal materials; shearing and other size-reduction processes of recyclable metal materials; preparing and sorting of ferrous and non-ferrous metal recycling feedstock; stockpiling of unprocessed and processed metal materials; and chemical treatment of the residue remaining after completion of metal separation operations.

In mid-2012 the District Attorney, in consultation with DTSC and the California Department of Fish and Wildlife, initiated an investigation of the area surrounding the Oakland Facility in response to alleged releases of LIGHT FIBROUS MATERIAL ("LFM") [1] from the

[1] Capitalized terms are defined in Section 3, Definitions.

Oakland Facility. As set out more fully in the Complaint, the People allege that some portion of the LFM generated during the shredding operations and downstream metal separation processes has the potential to become airborne and migrate off of the Oakland Facility if controls are not implemented to prevent its dispersal. At the time the investigation was initiated, accumulations of LFM were observed on public and private properties and in locations where it was or could be deposited into the waters of the state. The People further allege that testing of LFM samples collected at the Oakland Facility and on properties off-site of the Oakland Facility has shown that the samples typically contain concentrations of certain metals (e.g., lead, zinc, and copper) that exceed California HAZARDOUS WASTE regulatory thresholds for such metals.

Upon notice of the investigation, Schnitzer agreed to cooperate with the People and engaged in efforts to inspect for and remove accumulations of LFM observed in off-site areas on public and private property, and began to evaluate additional engineering controls and other measures that could be implemented to minimize the potential for off-site dispersal of this material. Schnitzer has conducted LFM collection operations from the ground surface in the vicinity of the Oakland Facility, including from public and private properties in the commercial/industrial area immediately to the north and east of the Oakland Facility, from municipal storm drains in the area, and from shoreline riprap areas at and adjacent to the Oakland Facility. Schnitzer's collection efforts have removed accumulations of LFM from these areas. Schnitzer has also completed installation of enclosures for the SHREDDER and the JOINT PRODUCTS PLANT, and emission control systems for abatement of particulate emissions from the enclosures (collectively, "EXISTING UPGRADES"). Schnitzer has informed the People that it believes these EXISTING UPGRADES will reduce the potential for future off-site releases, migration, deposition, and accumulation of LFM.

On March 17-19, 2015, DTSC conducted an inspection at the Oakland Facility as part of a separate investigation of a shipment of material from a Schnitzer facility located at 2727 South Chestnut Avenue, Fresno, California 93725 (the "Fresno Yard") to the Oakland Facility. DTSC issued a Summary of Violations to Schnitzer on June 1, 2015, and an Inspection Report dated

August 6, 2015 (collectively, "the 2015 SOV"), summarizing the alleged violations identified during the March 17-19, 2015 inspection of the Oakland Facility. As set out more fully in the Complaint, the alleged violations included failure to minimize releases of HAZARDOUS WASTE or HAZARDOUS WASTE constituents from the Oakland Facility. The 2015 SOV also alleged that Schnitzer accepted and stored 550 tons of HAZARDOUS WASTE from an off-site location (the Fresno Yard) and treated that HAZARDOUS WASTE, without a permit or other form of authorization from DTSC, in the JOINT PRODUCTS PLANT at the Oakland Facility. Schnitzer submitted a detailed response to the 2015 SOV, disputing these alleged violations.

Based upon the results of source testing required by the Bay Area Air Quality Management District ("Air District") following completion of the SHREDDER enclosure, the Air District informed Schnitzer in July 2019 that emissions of Volatile Organic Compounds (VOC) from the SHREDDER enclosure stack had been determined to be in violation of Air District Regulation 8, Rule 2-301, which provides that "[a] person shall not discharge into the atmosphere from any miscellaneous operation an emission containing more than 6.8 kg. (15 lbs.) per day and containing a concentration of more than 300 PPM total carbon on a dry basis." The source testing revealed that total carbon emissions at the stack exceeded the allowable concentration limit specified in the rule. Prior to enclosure of the SHREDDER, these emissions were fugitive in nature. Schnitzer has informed the People that, in October 2018, upon receiving the results of initial source testing of the SHREDDER stack and prior to the Air District's notice of violation of Regulation 8, Rule 2-301, it applied for the regulatory approvals to install two REGENERATIVE THERMAL OXIDIZERS to the exhaust system of the SHREDDER's enclosure in order to abate emissions of VOCs from the SHREDDER. Schnitzer represents that installation of the REGENERATIVE THERMAL OXIDIZERS is estimated to result in a 98% reduction of annual VOC emissions from the SHREDDER.

2. AGREEMENT TO SETTLE DISPUTE

The Parties enter into this Stipulation pursuant to a compromise and settlement of disputed claims, and mutually consent to the entry by this Court of the agreed upon separate Final

Judgment and Order on Consent ("Final Judgment"), which is the form attached as Exhibit A. The Parties are each represented by counsel. This Stipulation and the Final Judgment were negotiated in good faith and at arms' length by the Parties to avoid expensive and protracted litigation regarding the alleged violations of the HWCL, Fish and Game Code, Proposition 65, Nuisance, and the UCL, and to further the public interest.

The Parties agree that there has been no adjudication of any fact or law. Schnitzer does not admit any fact, liability, or violation of law, and disputes the matters alleged in the Complaint.

3. DEFINITIONS

Except where otherwise expressly defined in this Stipulation, all terms shall be interpreted consistent with the HWCL.

"DAY" or "DAYS" means a calendar day or days.

"EFFECTIVE DATE" is the date the Final Judgment is entered by the Court.

"EXISTING UPGRADES" means enclosures for the SHREDDER and the JOINT PRODUCTS PLANT, and emission control systems designed for abatement of particulate emissions from the enclosures.

"HAZARDOUS" shall have the same meaning as the term is used in California Code of Regulations, title 22, section 66261.3 and sections 66261.20 through 66261.24.

"HAZARDOUS WASTE" means hazardous waste as defined in Health and Safety Code section 25117.

"JOINT PRODUCTS PLANT" means the processing facility located in the northern portion of the Oakland Facility consisting of a series of size fractionation and separation equipment used to separate non-ferrous metal from the output of a metal SHREDDER that remains after ferrous metal has been removed by magnetic separation.

"LIGHT FIBROUS MATERIAL" ("LFM") means a fibrous mixture of shredded fabric and carpet fibers, entrained metallic particles, and other nonmetallic components often representing the lightest fraction of the material produced by the shredding process at the Oakland Facility.

"REGENERATIVE THERMAL OXIDIZER" means an air pollution control device that uses high temperatures to combust and decompose volatile organic compounds and other hydrocarbon constituents into carbon dioxide and water vapor. As used in this Stipulation, REGENERATIVE THERMAL OXIDIZER shall also mean any equipment associated with its operation, including, but not limited to, acid gas scrubbers.

"SHREDDER" means an electrically-driven hammermill located at the Oakland Facility used to reduce end-of-life automobiles and appliances and other metals that are introduced into the SHREDDER into fist-sized or smaller pieces.

"SUPPLEMENTAL ENVIRONMENTAL PROJECT" means an environmentally beneficial project that a defendant subject to an enforcement action voluntarily agrees to undertake in settlement of the action to offset a portion of an administrative or civil penalty.

"WASTE" or "WASTES" means waste as defined in Health and Safety Code section 25124.

4. JURISDICTION AND VENUE

The Parties agree and hereby stipulate that, for purposes of this Stipulation, this Court has subject matter jurisdiction over the matters alleged in the Complaint and personal jurisdiction over Schnitzer, and that venue in this Court is proper under Health and Safety Code section 25183 and California Code of Civil Procedure section 393.

5. WAIVER OF HEARING AND TRIAL AND ENTRY OF JUDGMENT

By signing and entering into this Stipulation, Schnitzer waives its right to a hearing or a trial on the matters alleged in the Complaint and to any appeal.

6. APPLICABILITY

Unless otherwise expressly provided herein, the provisions of this Stipulation and the Final Judgment entered thereon shall apply to and be binding on Schnitzer and its directors, officers, agents, employees, representatives, successors, and all persons, as that term is defined in Health and Safety Code section 25118, acting in concert or participating with Schnitzer regarding the Oakland Facility, and the People and DTSC (or any successor agency to DTSC) that may

have responsibility for and jurisdiction over the subject matter of the Final Judgment. Schnitzer shall ensure that its directors, officers, agents, employees, representatives, or other persons or entities acting under or for it with respect to matters included herein comply with the terms of this Stipulation and the Final Judgment.

7. MATTERS COVERED

Except as otherwise provided in this Stipulation, this Stipulation is a full, final, and binding resolution and settlement of "Covered Matters" only, which are defined as the HWCL, Fish and Game Code, Proposition 65, Nuisance, and UCL claims, violations, or causes of action specifically alleged by the People in the Complaint through the date of the filing of the Complaint, based on the factual allegations in the Complaint. The alleged violations identified in the 2015 SOV issued by DTSC to Schnitzer, based on the factual allegations therein, are also Covered Matters, except as provided in Subsections 7.1.e and 7.2, below. Any claim, violation, or cause of action that is not within Covered Matters is a Reserved Claim.

7.1 Reserved Claims

Reserved Claims include, without limitation:

a. Any claims under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C., § 9601 et seq.) or the California Hazardous Substance Account Act (Health & Saf. Code, § 25300 et seq.), including, but not limited to, performance of a remedy or remedial action (as those terms are defined in Health and Safety Code section 25322), removal action (as that term is defined in Health and Safety Code section 25323), or a response action (as that term is defined in Health and Safety Code section 25323.3) concerning or arising out of a past or future release (as defined in Health and Safety Code section 25320) or threatened release of a hazardous substance (as that term is defined in Health and Safety Code section 25316) at or from the Facility, including, but not limited to, any contamination resulting from past releases that are the subject of the allegations in the Complaint, and recovery of DTSC's response costs, including costs as described in Health and Safety Code section 25324, subdivision (b), for any release or threatened release of any substance;

b. Any claims or causes of action for cost recovery or performance of any response action, concerning or arising out of past or future releases, threatened releases, spills, leaks, discharges, or disposal of hazardous materials, HAZARDOUS WASTES, and/or hazardous substances including, but not limited to, LFM. This includes, but is not limited to, any enforcement action brought or administrative order issued by DTSC pursuant to Health and Safety Code section 25187 for, among other things, corrective action;

c. Any claims by DTSC pursuant to its permitting authority under the HWCL;

d. Any other pending or future administrative or civil actions brought by an entity other than the Attorney General, DTSC, or the District Attorney, involving Schnitzer, including, but not limited to:

i. Any action brought by the San Francisco Bay Regional Water Quality Control Board under the Clean Water Act (33 U.S.C., § 1251 et seq.) or the Porter Cologne Water Quality Control Act (Wat. Code, § 13000 et seq.);

ii. Any action brought by the Air District, the California Air Resources Board, or the United States Environmental Protection Agency ("EPA") pursuant to their respective regulatory authorities, including but not limited to the Air District's Rules and Regulations and the Clean Air Act (42 U.S.C. § 7401 et seq.) ("CAA") and the State Implementation Plan required under the CAA. Such actions include, but are not limited to, alleged violations referenced in the District's Notice of Violation No. A 57682, dated July 2, 2019, and alleged violations referenced in EPA's Finding and Notice of Violations No, R9-CAA-20-1004, dated January 27, 2020;

e. Any alleged violation of law, including, but not limited to, the HWCL, other than those alleged in the Complaint, that have occurred or may in the future occur at or from the Fresno Yard, including but not limited to any claims under state or federal law based on the transport of HAZARDOUS WASTE from the Fresno Yard to the Oakland Facility, and the release or threatened release of HAZARDOUS substances, HAZARDOUS WASTE, or

HAZARDOUS WASTE constituents at and from the Fresno Yard, including those violations that are the subject of Pending Litigation, as set forth in clause (b) of Section 7.2, below;

f. Any alleged violation of law based on the facts concerning a fire that occurred at the Oakland Facility on June 2, 2018, and the allegations contained in the Notice of Violations issued by DTSC to Schnitzer on or about June 12, 2018, related to that fire; and

g. Any alleged violation of law based on the facts concerning a fire that occurred at the Oakland Facility on June 17, 2020, and the allegations contained in the Summary of Violations issued by DTSC to Schnitzer on or about June 18, 2020, related to the fire.

7.2 Pending Litigation

The Parties reserve all rights and defenses in (a) *West Coast Chapter, Institute of Scrap Recycling Industries, Inc., et al. v. California Department of Toxic Substances Control, et al.*, Sacramento County Superior Court case number 34-2019-00269900; (b) *People of the State of California, ex rel. Meredith Williams and DTSC v. Schnitzer Fresno, Inc.,* Fresno County Superior Court case number 20CECG01386; and (c) *The Athletics Investment Group LLC v. California Department of Toxic Substances Control, et al.*, Alameda County Superior Court case number RG20069917 (collectively "Pending Litigation"). Nothing in this Stipulation or in the Final Judgment is intended, nor shall it be construed, to limit or expand any claims, rights, or defenses available to the parties in the Pending Litigation, to constitute an admission of any fact or law by any party, nor shall it resolve any of the disputed factual or legal issues involved in the Pending Litigation.

7.3 Reservation of Authority of Government Agencies

Except as expressly provided in this Stipulation, nothing in this Stipulation or in the Final Judgment is intended, nor shall it be construed, to preclude the People, or any federal, state, or local agency, department, board, or entity, from exercising its authority or rights under any federal, state, or local law, statute, or regulation. In any subsequent action that may be brought by the People based on any Reserved Claim, Schnitzer agrees that it will not assert that failing to pursue such Reserved Claim as part of this action constitutes claim-splitting, laches, waiver, or is

otherwise inequitable because of the asserted failure. Schnitzer expressly reserves the right to deny any and all liability with respect to any Reserved Claim and reserves the right to assert any and all other defenses to any Reserved Claim.

7.4. Effect of Covered Matters Provisions

The provisions of Paragraph 7 (Covered Matters) are effective on the EFFECTIVE DATE. The continuing effect of Paragraph 7 is expressly conditioned on Schnitzer's full payment of the amounts due under the Final Judgment.

7.5 No Limit to People's Authority to Enforce

The provisions of Paragraph 7 (Covered Matters) do not limit the right and ability of the People to enforce the terms of the Final Judgment.

8. INJUNCTIVE PROVISIONS

Pursuant to the provisions of Health and Safety Code sections 25181, 25249.6, 25249.7, 25515.6, 25515.8, and 41513; Fish and Game Code section 5650.1; and Business and Professions Code section 17203, Schnitzer shall comply with the injunctive provisions set forth in Sections 8.1 through 8.7 of this Stipulation. Notwithstanding any other provision in this Stipulation, nothing in this Stipulation or the Final Judgment shall relieve Schnitzer from complying with all applicable requirements and standards set forth in chapter 6.5 of division 20 of the Health and Safety Code and the regulations promulgated under that chapter.

8.1 Compliance with the HWCL

Schnitzer shall ensure the following:

a. LFM that is collected onsite or offsite of the Oakland Facility by Schnitzer employees or contractors working on behalf of Schnitzer shall be subject to a HAZARDOUS WASTE determination, as required by the HWCL, including, but not limited to, California Code of Regulations, title 22, sections 66260.200 and 66262.11.

b. Any WASTES determined to be HAZARDOUS WASTES shall be managed in compliance with all applicable requirements of the HWCL, including, but not limited to, the following provisions:

i. Schnitzer shall not accept, treat, store, or cause the unauthorized disposal of HAZARDOUS WASTE generated from any off-site locations, as prohibited by the HWCL, including, but not limited to, Health and Safety Code section 25189, subdivisions (b), (c), (d), and (e); provided, however, that nothing herein shall preclude Schnitzer from accumulating LFM collected from off-site locations at the Oakland Facility pending disposal at an authorized location.

ii. Schnitzer shall comply with all applicable generator accumulation requirements in California Code of Regulations, title 22, section 66262.34.

iii. Schnitzer shall comply with the HAZARDOUS WASTE manifesting requirements for all HAZARDOUS WASTE that is transported, or submitted for transportation, for offsite handling, treatment, storage, disposal, or any combination thereof, as provided by Health and Safety Code section 25160, subdivision (b)(3), and California Code of Regulations, title 22, section 66262.23.

iv. Schnitzer shall use only a registered HAZARDOUS WASTE transporter for the offsite transportation of HAZARDOUS WASTE, as required by Health and Safety Code section 25163, subdivision (a)(1). This provision shall not require Schnitzer to utilize a registered HAZARDOUS WASTE transporter to return LFM collected from off-site locations to the Oakland Facility for disposal at an authorized location.

v. Schnitzer shall comply with applicable employee training obligations pertaining to the management of HAZARDOUS WASTE.

vi. Schnitzer shall comply with the applicable requirements of California Code of Regulations, title 22, section 66265.31 (duty to operate and maintain a facility in a manner that minimizes the unplanned sudden or non-sudden release of HAZARDOUS WASTE or HAZARDOUS WASTE constituents to air, soil, or surface water which could threaten human health or the environment).

8.2 Maintenance of EXISTING UPGRADES

Schnitzer shall maintain in good working condition all EXISTING UPGRADES and other equipment at the Oakland Facility intended to address releases, migration, deposition, and accumulation of LFM.

8.3 Inspections

a. For a minimum period of six (6) months after the EFFECTIVE DATE, Schnitzer shall implement the *Updated Work Plan for Off-Site LFM Inspection and Cleanup Activities in the Commercial /Industrial Area Adjacent to the Schnitzer Steel Oakland Facility,* attached as Exhibit B (the "Work Plan"). The Updated Work Plan shall not require Schnitzer or its consultant to conduct any LFM inspection or cleanup activities that would otherwise be barred by any federal, state or local law or governmental directive, or to enter onto any private property if the owner or occupant of the property denies consent or cannot be reached despite Schnitzer's reasonable best efforts.

b. While Schnitzer is responsible for inspecting only the areas identified in the Work Plan, Schnitzer shall remove visible accumulations of LFM offsite of the Oakland Facility using the methods described in Exhibit B and shall return the collected material to the Oakland Facility to be characterized for disposal at an authorized location. The material shall be characterized pursuant to California Code of Regulations, title 22, section 66262.11, subdivision (b).

c. Schnitzer shall manage collected waste that is characterized as HAZARDOUS WASTE in accordance with all applicable Title 22 regulations.

d. Schnitzer shall keep a log of the inspections conducted pursuant to subsection (b) above, including the dates and times of the inspections; whether any visible accumulation of LFM was observed; photographs depicting any such accumulation and the area where it was observed; the amount (i.e., volume in gallons) of LFM that was removed; the characteristic(s) of the LFM; and the disposition of the removed LFM. The log shall also specify the manner of transport, name of the transporter, and the name and location of the disposal

facility. On a monthly basis, an electronic copy of the inspection logs shall be sent via e-mail or U.S. mail to the People's representatives identified in Section 11.

e. If after any three (3) consecutive month period following the EFFECTIVE DATE, visible accumulations of LFM are no longer observed in the Inspection Areas or a portion thereof, Schnitzer may request a reduction in the frequency of inspections for the remaining three (3) months. The People may grant such reduction to Schnitzer without need for written approval by or order of the Court.

8.4 Compliance with the Fish and Game Code

Schnitzer shall comply with the provisions of Fish and Game Code section 5650, subdivision (a), including but not limited to ensuring that LFM is not deposited on or into storm drains, the Oakland Estuary, or in any other location where it could enter the waters of the State; provided, however, that incidental discharges in compliance with Schnitzer's National Pollutant Discharge Elimination System permit for the Oakland Facility shall not be considered violations of this Stipulation.

8.5 Proposition 65 Warning

a. Warnings to persons who live or work in the areas surrounding the Oakland Facility. In order to comply with the requirements of Proposition 65, Schnitzer has implemented a warning program approved by the People for the purposes of providing persons who live or work in the areas surrounding the Oakland Facility with clear and reasonable warnings that they are being exposed to chemicals known to cause cancer, and birth defects or other reproductive harm. Schnitzer shall continue to provide these warnings as to persons who live or work in the area surrounding the Oakland Facility, pursuant to the following requirements:

i. Newspaper warnings, one-quarter page in size, shall be published in the form and content provided in Exhibit C.

ii. These warnings shall be placed in the East Bay Times. The warnings shall be placed in the main news or local news sections of the newspaper and shall be published in any electronic version of the paper. The warnings shall not be located in the

classified advertisement section of the newspaper. In the event that the East Bay Times ceases publication or ceases accepting such warnings, the Attorney General and District Attorney and Schnitzer will meet and confer in order to determine an equally effective method of providing warnings to exposed persons.

iii. The warnings shall be published quarterly.

iv. Schnitzer shall immediately notify the Attorney General and District Attorney at the addresses provided in Section 13 herein of any change in its operations that could materially increase the number of persons who are exposed to listed chemicals from the Oakland Facility. The Attorney General and District Attorney and Schnitzer will then meet and confer in order to determine whether the warning map set forth in Exhibit C must be enlarged or adjusted to reflect the increased exposures.

v. Schnitzer may request a reduction or adjustment to the warning map set forth in Exhibit C to reflect reductions in emissions of listed chemicals from the Oakland Facility achieved by the enclosure of the SHREDDER and JOINT PRODUCTS PLANT and implementation of other BMPs. Following receipt of such a request, the Attorney General and District Attorney and Schnitzer will meet and confer in order to determine whether the warning map set forth in Exhibit C should be reduced or adjusted to reflect the reduction in exposures.

vi. Schnitzer may, with the consent of the Attorney General and the District Attorney, and approval of the Court, cease providing newspaper warnings required by Section 8.5(a)(ii) if Schnitzer establishes that its release of LFM has been permanently reduced and controlled in such a way that no persons who live or work in the area surrounding the Oakland Facility will be exposed to listed chemicals in the LFM that require a warning under Proposition 65.

b. Warnings to Employees and Site Visitors. Schnitzer shall provide warnings to persons who visit or work at the Oakland Facility pursuant to the following requirements:

i. Schnitzer will maintain warning signs at all public and employee entrances to the Oakland Facility. These signs must be no smaller than 18 inches in width by 12 inches in height, and must contain the following text in 72 point or larger text size: "**WARNING**: Entering this area can expose you to chemicals known to the State of California to cause cancer and birth defects or other reproductive harm, including lead from metal shredding operations." The sign must also be provided in any other language used on other signage in the affected area.

ii. Schnitzer will provide warnings to its employees regarding their exposure to listed chemicals at the Oakland Facility in a manner that complies with the California Hazard Communication Standard (Cal. Code Regs., title 8, section 5194, as amended) or pursuant to California Code of Regulations, title 22, section 25606, subd. (b) (effective August 31, 2018).

8.6 Air emissions upgrades

a. Schnitzer shall enhance its existing emission control system by installing two REGENERATIVE THERMAL OXIDIZERS to provide abatement of VOC emissions from the SHREDDER. The SHREDDER enclosure installed as part of the EXISTING UPGRADES was designed through application of design criteria set forth in United States Environmental Protection Agency ("USEPA") Method 204 (40 C.F.R. Part 51, Appendix M, Test Method 204) and shall be maintained in conformance with its design to minimize the enclosure's natural draft openings. The REGENERATIVE THERMAL OXIDIZERS shall have the following design criteria:

i. An extraction fan vent system operated at a minimum total air flow rate of 120,000 actual cubic feet per minute (ACFM) to maintain sufficient capture of pollutants within the existing enclosure.

ii. The air emissions upgrades collectively shall have capacity to process air flow at a rate of at least 140,000 ACFM, and

iii. A VOC destruction efficiency of at least 98%.

b. Both REGENERATIVE THERMAL OXIDIZERS must be operated simultaneously during all times that the SHREDDER is in operation unless such non-operation is

caused by an event that is beyond the reasonable control of Schnitzer (force majeure event), provided Schnitzer complies with the provisions of this paragraph. Force majeure events include the following: acts of God, enemy or hostile government action, or civil commotion; fires or other casualties; judicial orders, or governmental controls, regulations or restrictions; inability to timely obtain required authorities to construct or other permits where the delay is attributable to the Air District or another permitting agency; the inability to timely obtain necessary labor or materials or to conduct work due to the Covid-19 pandemic; delay in the delivery of equipment that is not attributable in any manner to action or inaction by Schnitzer; and delivery of damaged or off-specification equipment. Financial hardship to Schnitzer, by itself, shall not be considered a force majeure event. Any event caused by Schnitzer's failure to exercise due care shall not be considered a force majeure event. To avoid a determination of default, Schnitzer must provide notice as required by Section 11 within 15 calendar days of its discovery or notification of the force majeure event, and must demonstrate that it has taken or is taking all reasonable action to mitigate any adverse consequences resulting from the non-operation of the REGENERATIVE THERMAL OXIDIZERS. If the PEOPLE agree, Schnitzer shall not be deemed in default for the length of time the REGENERATIVE THERMAL OXIDIZER(S) remain non-operational due to the force majeure event only. Non-operation of the REGENERATIVE THERMAL OXIDIZERS due to Schnitzer's own action or in inaction are not deemed force majeure events. If Schnitzer is unable to operate one or both REGENERATIVE THERMAL OXIDIZERS simultaneously due to equipment malfunctions or breakdowns that are beyond Schnitzer's reasonable control, nothing in this Stipulation requires Schnitzer to cease operation of the SHREDDER during the period of time that Schnitzer is diligently pursuing repairs to the REGENERATIVE THERMAL OXIDIZERS pursuant to a plan for timely return to compliance. However, the People retain and may exercise any other lawful enforcement discretion in response to non-operation of the REGENERATIVE THERMAL OXIDIZER(S) caused by equipment malfunctions or breakdowns that are beyond Schnitzer's reasonable control, and Schnitzer does not waive and hereby reserves the right to assert any available defense to any such enforcement action.

c. Schnitzer shall install and maintain a temporary continuous emissions monitoring system ("TCEMS") for the first 90 days of operation of the REGENERATIVE THERMAL OXIDIZERS or until Schnitzer has established appropriate parameters for parametric monitoring, whichever is later, to monitor VOC emissions and flow rates exiting the REGENERATIVE THERMAL OXIDIZERS and demonstrate compliance with the terms and conditions of the Authority to Construct and Permits to Operate issued by the Bay Area Air Quality Management District for the REGENERATIVE THERMAL OXIDIZERS (collectively, "Air District Permits"). The TCEMS shall meet any applicable USEPA performance specifications under 40 CFR Part 60, Appendix B & F and all other applicable federal regulations, with the exception of specified upstream and downstream distances for the pre-control monitoring location. Critical System Operating Parameters (CSOP), including extraction vent system fan amperage; pressure drops across the venturi scrubber/cyclonic separator system and acid gas scrubbers; and REGENERATIVE THERMAL OXIDIZER operating temperature, shall be measured during TCEMS operation to define CSOP limits which indicate conformance with emission capture and control requirements of this Section and the Air District Permits. Following TCEMS operation, CSOP monitoring will be continuously performed to document compliance with emission capture and control requirements of this Section and the Air District Permits.

d. The REGENERATIVE THERMAL OXIDIZERS shall have a temperature monitoring system to continuously monitor the operating temperature as necessary to demonstrate compliance with the VOC destruction requirements set forth in the Air District Permits. The REGENERATIVE THERMAL OXIDIZERS shall also have a data acquisition and handling system (DAHS) to record and maintain all data monitored by the temperature monitoring system. The DAHS will also monitor and record CSOP data.

e. Each REGENERATIVE THERMAL OXIDIZER shall have an acid gas control system for the control of acid gases. The acid control systems shall include an acid gas scrubber with a design criteria of 95% to 98% average control efficiency for acid gases.

f. Each REGENERATIVE THERMAL OXIDIZER shall be equipped with

an external (primary) low-NOx burner with a flameless natural gas injection (NGI) system. The minimum combustion chamber operating temperature for each REGENERATIVE THERMAL OXIDIZER shall be at least 1600 degrees Fahrenheit (°F).

g. Initial compliance testing shall first be completed within ninety (90) days after conclusion of the startup period for the pollutant capture, control, and monitoring systems. Source sampling test ports shall be installed in accordance with 40 CFR Part 60 Appendix A Method 1, with the exception of specified upstream and downstream distances for the pre-control monitoring location. Thereafter, Schnitzer shall perform annual compliance testing in accordance with the terms of the Air District Permits. Thirty (30) days before the execution of each source test, Schnitzer shall submit to the Air District, the California Air Resources Board ("CARB"), and USEPA a detailed compliance test protocol which must be approved by the Air District before each compliance testing event. All compliance testing shall be conducted in accordance with USEPA's Reference Test Methods including, but not limited to, EPA Reference Methods 1, 2, 3, 4, and 25A, or approved Air District test methods, in accordance with the approved compliance test protocol. All monitoring equipment must be installed and all compliance testing data shall be reported consistent with direction from the Air District. The Air District may provide additional direction and requirements for compliance testing. Results of initial compliance testing shall be reported within 60 days of Schnitzer's receipt of final reports from the source testing contractor, analytical laboratories, and air compliance consultants, and in no event shall be reported beyond 120 days of completion of initial compliance testing unless Schnitzer shows good cause why more than 120 days is necessary.

h. The REGENERATIVE THERMAL OXIDIZERS shall be installed and become operational by December 31, 2022, subject to the force majeure provisions of Section 8.6, paragraph (b). The Parties may agree to an extension of up to six months of the installation and operational deadline without the need for an amendment to the Final Judgment, upon a showing of good cause by Schnitzer for the delay and its need for the extension. Alternatively, Schnitzer may apply to the Court for an extension pursuant to Section 19. Good cause shall

include, but is not limited to, a delay in permitting beyond Schnitzer's control, or a federal, state, or local emergency order that delays work necessary for installation of the REGENERATIVE THERMAL OXIDIZERS.

i. Schnitzer shall apply to modify its Air District Permits if necessary to incorporate any final design and installation parameters, operating requirements, and monitoring conditions of this Section into a federally enforceable operating permit.

j. Schnitzer shall comply with all federal, state, and local permits and other entitlements related to the construction, operation, and maintenance of the REGENERATIVE THERMAL OXIDIZERS, shall follow good air pollution control practices and maintain the REGENERATIVE THERMAL OXIDIZERS in good working order.

9. MONETARY SETTLEMENT REQUIREMENTS

Schnitzer shall pay four million, one hundred thousand dollars ($4,100,000) to settle the Covered Matters, which shall be allocated between penalties, the People's costs, and SUPPLEMENTAL ENVIRONMENT PROJECTS, as set forth below.

a. **Civil Penalties**

Within 30 DAYS of the EFFECTIVE DATE, Schnitzer shall pay one million, four hundred and ninety-six thousand dollars ($1,496,000) as civil penalties to the People. This penalty amount shall be allocated as follows:

i. Eight hundred and ninety-two thousand, nine hundred dollars ($892,900) shall be paid to DTSC as civil penalty pursuant to the HWCL;

ii. Four hundred and twenty-nine thousand, nine hundred dollars ($429,900) shall be paid to the District Attorney as civil penalty pursuant to Business and Professions Code section 17200;

iii. Fifty-six thousand, dollars ($56,000) shall be paid to the Attorney General as civil penalty pursuant to Business and Professions Code section 17200; and

iv. One hundred and seventeen thousand, two hundred dollars ($117,200) shall be paid pursuant to Health and Safety Code sections 25249.7, subdivision (b)

and 25249.12, seventy-five percent (75%) of which (eighty-seven thousand, nine hundred dollars) ($87,900) shall be remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA"), and the remaining twenty-five percent (25%) (twenty-nine thousand, three hundred dollars) ($29,300) shall be paid to the Office of the Attorney General.

b. **Reimbursement of Costs of Investigation and Enforcement**

Within 30 DAYS of the EFFECTIVE DATE, Schnitzer shall pay five hundred and fifty-four thousand dollars ($554,000) to the People for reimbursement of attorney's fees, costs of investigation, and other costs of enforcement, in separate checks as follows. Of this amount, three hundred thousand dollars ($300,000) shall be paid to the District Attorney; one hundred fifty thousand dollars ($150,000) shall be paid to the Attorney General; and one hundred and four thousand dollars ($104,000) shall be paid to the Craig Thompson Environmental Protection Prosecution Fund.

c. **Supplemental Environmental Projects**

Within 30 DAYS of the EFFECTIVE DATE, in addition to the civil penalty amounts set forth in section 9.a, Schnitzer shall pay two million, fifty thousand dollars ($2,050,000) as SUPPLEMENTAL ENVIRONMENTAL PROJECTS ("SEPs"). In recognition of the benefits of the SEPs protecting public health and the environment, two million and fifty thousand dollars ($2,050,000) of the penalty for the violations identified in the Complaint has been suspended pending Schnitzer satisfactorily completing the SEPs. If Schnitzer fails to complete the SEPs within 30 days of the EFFECTIVE DATE, Schnitzer shall pay to the People the balance of the SEPs amount not expended, as civil penalties pursuant to the HWCL and Business and Professions Code section 17200 in the following proportion: 45.8% to DTSC; 37.5% to the District Attorney; and 16.7% to the Attorney General. Upon proof that Schnitzer has completed the SEPs within 30 days of the EFFECTIVE DATE, two million, fifty thousand dollars ($2,050,000) of the penalty for the violations identified in the Complaint shall be deemed satisfied. Schnitzer's payment for SEPs shall be divided among the following projects:

i. **West Oakland Environmental Indicators Project**

One million, eight hundred and fifty-three thousand, one hundred forty-five dollars ($1,853,145) to the West Oakland Environmental Indicators Project ("WOEIP") for: (1) installation and maintenance of mechanical air filtration at the West Oakland Resiliency Hub (a joint project between WOEIP, Pacific Gas & Electric Company, and the City of Oakland to upgrade three City-owned community centers); (2) installation and maintenance of mechanical air filtration at the Marcus Garvey, Slim Jenkins, and St. Mary's Center housing sites; and (3) the design, installation, and implementation of air quality monitoring in West Oakland. These funds shall be placed and held in a restricted and designated account and may not be co-mingled with other funds. WOEIP shall ensure that these funds are expended for the purposes specified, and commencing one year after the entry of judgment and each year thereafter shall, until the exhaustion of the funds, provide an annual report to the People describing the specific use of the funds and describing the activities completed. The report shall be submitted to the People's representatives identified in paragraph 11;

ii. **Prescott Joseph Center for Community Enhancement**

Ninety-three thousand, eight hundred and fifty-five dollars ($93,855) to the Prescott Joseph Center for Community Enhancement ("PJCCE") to fund its Breathmobile Program, a mobile pediatric asthma clinic that serves Alameda County and Contra Costa County. These funds shall be placed and held in a restricted and designated account and may not be co-mingled with other funds. PJCCE shall ensure that these funds are expended for the purposes specified, and commencing one year after the entry of judgment and each year thereafter shall, until the exhaustion of the funds, provide an annual report to the People describing the specific use of the funds and describing the activities completed. The report shall be submitted to the People's representatives identified in paragraph 11; and

iii. **Alameda Fish and Game Commission**

One hundred and three thousand dollars ($103,000) to the Alameda Fish and Game Commission ("AFGC"), to be deposited in the Alameda County Fish and Wildlife Propagation

Fund and to be used for the protection, conservation, propagation, and preservation of fish and wildlife pursuant to Fish and Game Code Sections 13100 and 13103. These funds shall be placed and held in a restricted and designated account and may not be co-mingled with other funds. AFGC shall ensure that these funds are expended for the purposes specified, and commencing one year after the entry of judgment and each year thereafter shall, until the exhaustion of the funds, provide an annual report to the People describing the specific use of the funds and describing the activities completed. The report shall be submitted to the People's representatives identified in paragraph 11.

d. **Form of Payments**

Payments required pursuant to this Stipulation and Judgment thereon shall be paid as follows:

i. **Payment to DTSC**

Payments due to DTSC as set forth in Paragraph 9.a.i, above, shall be made payable to the "California Department of Toxic Substances Control" by cashier's check and bearing the notation "Schnitzer Steel Industries, Inc.," and sent to:

Cashier
Accounting Office, MS-21 A
Department of Toxic Substances Control
P.O. Box 806
Sacramento, California 95812-0806

An electronic (i.e., Adobe PDF) copy of the cashier's check shall be sent by email, at the same time, to the DTSC's representative(s) persons identified in Section 11.

ii. **Payment to the Attorney General**

Payments due to the Attorney General as set forth in Paragraph 9.a.iii and b, above, shall be payable to the "California Department of Justice – Litigation Deposit Fund," and sent to the attention of Robert Thomas, Legal Analyst, Department of Justice, 1515 Clay St., 20th Floor, Oakland, CA 94612. The check shall bear on its face "Proposition 65 Recoveries Fund" and the Attorney General's internal reference number for this matter (OK2015950014). The money paid to the Attorney General's Office pursuant to this paragraph shall be administered by the

California Department of Justice and shall be used by the Environment Section of the Public Rights Division of the Attorney General's Office, until all funds are exhausted, for any of the following purposes: (1) implementation of the Attorney General's authority to protect the environment and natural resources of the State pursuant to Government Code section 12600 et seq. and as Chief Law Officer of the State of California pursuant to Article V, section 13 of the California Constitution; (2) enforcement of laws related to environmental protection, including, but not limited to, chapters 6.5 and 6.95, division 20, of the Health and Safety Code; (3) enforcement of the Unfair Competition Law, Business and Professions Code section 17200 et seq., as it relates to protection of the environment and natural resources of the State of California; and (4) other environmental actions that benefit the State and its citizens as determined by the Attorney General. Such funding may be used for the costs of the Attorney General's investigation, filing fees and other court costs, payment to expert witnesses and technical consultants, purchase of equipment, laboratory analyses, personnel costs, travel costs, and other costs necessary to pursue environmental actions investigated or initiated by the Attorney General for the benefit of the State of California and its citizens.

iii. **Payment to the District Attorney**

Payments due to the District Attorney as set forth in paragraph 9.a.ii and b, above, shall be payable to the "Alameda County District Attorney's Office," and sent to the attention of Kenneth A. Mifsud, Assistant District Attorney, Alameda County District Attorney's Office Consumer & Environmental Protection Division, 7677 Oakport Street, Suite 650, Oakland, CA 94621-1934.

iv. **Payment to Office of Environmental Health Hazard Assessment**

Payments due to the Office of Environmental Health Hazard Assessment as set forth in Paragraph 9.a.iv, above, shall be payable to the "Office of Environmental Health Hazard Assessment," and sent to the attention of Mike Gyurics, Deputy Director, Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA 95812-4010. Reference shall be made to "Proposition 65" in the memo line.

v. **Payment to WOEIP**

Payments due to the West Oakland Environmental Indicators Project as set forth in Paragraph 9.c.i, above, shall be payable to "the West Oakland Environmental Indicators Project," and sent to the attention of Brian Beveridge, Co-Director, West Oakland Environmental Indicators Project, 349 Mandela Parkway, Oakland CA, 94607.

vi. **Payment to Prescott-Joseph Center for Community Enhancement**

Payments due to the Prescott-Joseph Center for Community Enhancement as set forth in Paragraph 9.c.ii, above, shall be payable to "the Prescott-Joseph Center for Community Enhancement," and sent to the attention of Dr. Washington Burns, Executive Director, Prescott-Joseph Center for Community Enhancement, 920 Peralta Street, Oakland, CA 94607.

vii. **Payment to the Alameda County Fish and Game Commission**

Payments due to the Alameda County Fish and Game Commission as set forth in Paragraph 9.c.iii, above, shall be payable to the "Alameda County Fish and Game Commission," and sent to the attention of Kenneth A. Mifsud, Assistant District Attorney, Alameda County District Attorney's Office Consumer & Environmental Protection Division, 7677 Oakport Street, Suite 650, Oakland, CA 94621-1934.

viii. **Payment to the Craig Thompson Environmental Protection Prosecution Fund.**

Payments due to the Craig Thompson Environmental Protection Prosecution Fund as set forth in Paragraph 9.b, above, shall be payable to the "Craig Thompson Environmental Protection Prosecution Fund," and sent to the attention of Kenneth A. Mifsud, Assistant District Attorney, Alameda County District Attorney's Office Consumer & Environmental Protection Division, 7677 Oakport Street, Suite 650, Oakland, CA 94621-1934.

ix. **Electronic Copy of Payments**

Schnitzer shall send an electronic (i.e., Adobe PDF) copy of all payments made pursuant to this agreement to Deputy Attorney General Andrew Wiener, at Andrew.Wiener@doj.ca.gov and to Supervising Deputy Attorney General Dennis L. Beck, Jr., at Dennis.Beck@doj.ca.gov.

10. ENFORCEMENT

Any party may, by motion or order to show cause before this Court, enforce the terms and conditions in this Stipulation and the Final Judgment. Where a failure to comply with this Stipulation and the Final Judgment constitutes violations of the HWCL, Fish and Game Code, Proposition 65, Nuisance or the UCL, or other laws independent of this Stipulation and the Final Judgment and/or alleged in the Complaint, the People are not limited to enforcement of this Stipulation and the Final Judgment, but may seek in another action, subject to satisfaction of any procedural requirements, including notice requirements, whatever fines, costs, fees, penalties, or remedies are provided by law for failure to comply with the HWCL, Fish and Game Code, Proposition 65, Nuisance, the UCL, or other laws.

11. NOTICES

All notices under this Stipulation and the Final Judgment shall be in writing and shall be sent to:

For the Attorney General

Andrew Wiener
Deputy Attorney General
Office of the Attorney General
1515 Clay, Suite 2000
P.O. Box 70550
Oakland, California 94612-7550
Andrew.Wiener@doj.ca.gov

For DTSC:

Hansen Pang
Chief Investigator
Office of Criminal Investigations
Department of Toxic Substances Control
P.O. Box 806
Sacramento, California 95812-0806
Hansen.Pang@dtsc.ca.gov

Colin Roberts
Senior Staff Counsel
Office of Legal Counsel
Department of Toxic Substances Control
P.O. Box 806
Sacramento, California 95812-0806
Colin.Roberts@dtsc.ca.gov

Dennis L. Beck, Jr.
Supervising Deputy Attorney General
Office of the Attorney General
1300 I Street, Suite 125
P.O. Box 944244
Sacramento, California 94244-2550
Dennis.Beck@doj.ca.gov

For the District Attorney:

Kenneth A. Mifsud
Assistant District Attorney
Consumer and Environmental Protection Division
7677 Oakport Street, Suite 650
Oakland, California 94621-1934
Ken.Mifsud@acgov.org

For Schnitzer Steel Industries, Inc.

Schnitzer Steel Industries, Inc.
ATTN: General Counsel
299 SW Clay Street
Portland, Oregon 97201
generalcounsel@schn.com

and

Margaret Rosegay
Pillsbury Winthrop Shaw Pittman LLP
Four Embarcadero Center, 22nd Floor
San Francisco, California 94111-5998
Margaret.rosegay@pillsburylaw.com

12. NO WAIVER OF RIGHT TO ENFORCE

The People's non-enforcement of any provision of this Stipulation or the Final Judgment shall neither be deemed a waiver of such provision, nor in any way affect the validity of this Stipulation, the Final Judgment, or the People's enforcement authority. The People's non-enforcement of any such provision of this Stipulation or the Final Judgment shall not preclude it from later enforcing the same or other provisions. All notices, approvals, and decisions of the People under the terms of this Stipulation and the Final Judgement shall be communicated to Schnitzer in writing. No oral advice, guidance, suggestions, or comments by employees or officials of the People or Schnitzer, or people or entities acting on behalf of Schnitzer, regarding

matters covered in this Stipulation or the Final Judgment, shall be construed to relieve Schnitzer of its obligations under this Stipulation or the Final Judgment.

13. EFFECT OF STIPULATION AND FINAL JUDGMENT

Nothing in this Stipulation or the Final Judgment shall relieve Schnitzer from the obligation to obtain all necessary permits, entitlements, and authorizations, or from any other obligations it has under law, statute, regulation, ordinance, permitting authority, or other authority. Except as expressly provided in this Stipulation or the Final Judgment, nothing herein is intended nor shall it be construed to preclude the People, or any state, county, or local agency, department, board or entity from exercising its authority under any law, statute, or regulation. Except as expressly provided in this Stipulation or the Final Judgment, Schnitzer retains all of its defenses to the exercise of the aforementioned authority.

14. NO LIABILITY OF THE PEOPLE

The People shall not be liable for any injury or damage to persons or property resulting from acts or omissions by Schnitzer or its agents, servants, employees, representatives, or other persons acting in concert or participating with Schnitzer, in carrying out activities pursuant to this Stipulation or the Final Judgment in this matter, nor shall the People be held as a party to or guarantor of any contract entered into by Schnitzer or its agents, servants, employees, representatives, or other persons acting in concert or participating with Schnitzer, in carrying out the requirements of this Stipulation or the Final Judgment entered by the Court in this matter.

15. FUTURE STATUTORY OR REGULATORY CHANGES

15.1 Enforcement of Applicable Law

Nothing in this Stipulation or the Final Judgment entered by the Court in this matter shall excuse Schnitzer from meeting requirements imposed by applicable law or by future statutory or regulatory changes in the applicable law. Except with respect to the resolution and settlement of the Covered Claims, nothing in this Stipulation or the Final Judgment is intended nor shall it be construed to affect or limit any authority DTSC may have under existing law to regulate the Oakland Facility or to take any future enforcement related to such authority. Schnitzer expressly

reserves the right to assert any and all defenses to any subsequent enforcement, regulatory or permitting action by the People, except as otherwise provided in this Stipulation.

15.2 Modification of Stipulation or Final Judgment Based on Changed Laws

In the event that future statutory or regulatory changes make Schnitzer's obligations less stringent than those provided for in this Stipulation or the Final Judgment in this matter: (a) Schnitzer may stipulate with the People to modify Schnitzer's obligations to the extent necessary for Schnitzer to comply with such possible future statutory or regulatory changes and submit such stipulation to this Court for review and approval; or (b) Schnitzer may apply to this Court by noticed motion to modify Schnitzer's obligations to the extent necessary for Schnitzer to comply with such possible future statutory or regulatory changes. All terms shall remain in effect unless the Court orders otherwise upon stipulation of the Parties or ruling on Schnitzer's motion.

16. INTEGRATION

This Stipulation constitutes the entire agreement between the Parties with respect to the Covered Matters and may not be amended or supplemented except as provided for in this Stipulation. No oral representations have been made or relied on other than as expressly set forth herein.

17. RETENTION OF JURISDICTION

The Parties agree that the Court has continuing jurisdiction to interpret and enforce the provisions of this Stipulation and the Final Judgment thereon to be entered by this Court.

18. EQUAL AUTHORSHIP

This Stipulation shall be deemed to have been drafted equally by the Parties hereto. The Parties agree that the rule of construction holding that ambiguity is construed against the drafting party shall not apply to the interpretation of this Stipulation.

19. AMENDMENTS TO THIS STIPULATION AND FINAL JUDGMENT

Unless otherwise provided herein, this Stipulation and the Final Judgment may be amended only pursuant to a written agreement signed by all the Parties, followed by written approval by the Court, or by order of the Court.

20. AUTHORITY TO ENTER STIPULATION

Each signatory to this Stipulation certifies that he or she is fully authorized by the Party he or she represents to enter into this Stipulation, to execute it on behalf of the Party represented, and to legally bind that Party.

21. COUNTERPARTS

This Stipulation may be executed in several counterpart originals, all of which taken together shall constitute an integrated document.

22. ENTRY OF FINAL JUDGMENT PURSUANT TO STIPULATION; TERMINATION

The Parties further stipulate that upon approval of this Stipulation by the Court, the Court may enter Final Judgment in this matter in the form set forth in the attached Exhibit A. If the Court does not approve this Stipulation and the agreed upon Final Judgment in the form and substance proposed in Exhibit A hereto, each Party reserves the right to withdraw both the Stipulation and the proposed Final Judgment, upon written notice to all Parties and the Court.

Only after the Final Judgment has been in effect for five (5) years, and Schnitzer has paid any and all amounts due under the Final Judgment, may Schnitzer move the Court (following a forty-five (45) calendar day notice served on the People by overnight mail) to terminate the mandatory injunctive provisions in Section 8 of this Stipulation and the Final Judgment. Schnitzer must make a showing of substantial compliance with the mandatory injunctive terms of this Stipulation and the Final Judgment commencing from the date of entry of the Final Judgment in order to terminate the mandatory injunctive provisions herein. For the purposes of this paragraph, "substantial compliance" requires actual compliance with respect to the substance essential to every reasonable objective of each statutory and regulatory obligation in the Final Judgment. The People's failure to oppose the motion shall not constitute a waiver or estoppel of the People's authority to otherwise enforce any violation of law and shall have no evidentiary effect. The Parties agree that the Court may grant Schnitzer's motion upon determining that the Schnitzer has substantially complied with the provisions of the Final Judgment. In the event the

mandatory injunctive provisions set forth herein are terminated upon motion of Schnitzer, the termination of those mandatory injunctive provisions of this Stipulation and the Final Judgment shall have no effect on Schnitzer's obligation to comply with any remaining injunctive terms and all applicable requirements imposed by statute, regulation, ordinance, or law.

IT IS SO STIPULATED.

Dated: February 2, 2021

FOR THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL

MEREDITH WILLIAMS
Director
California Department of Toxic Substances Control

Dated: _____, 2021

XAVIER BECERRA
Attorney General of California
DENNIS A. RAGEN
Acting Supervising Deputy Attorney General

ANDREW WIENER
Deputy Attorney General
Attorneys for Plaintiff People of the State of California ex rel. Xavier Becerra, Attorney General

Dated: February 3, 2021

NANCY E. O'MALLEY
District Attorney of the County of Alameda

KENNETH A. MIFSUD
Assistant District Attorney
Attorneys for Plaintiff, People of the State of California

IT IS SO STIPULATED.

Dated: _____, 2021

FOR THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL

_____
MEREDITH WILLIAMS
Director
California Department of Toxic Substances Control

Dated: February 2, 2021

XAVIER BECERRA
Attorney General of California
DENNIS A. RAGEN
Acting Supervising Deputy Attorney General

_____
ANDREW WIENER
Deputy Attorney General
Attorneys for Plaintiff People of the State of California ex rel. Xavier Becerra, Attorney General

Dated: _____, 2021

NANCY E. O'MALLEY
District Attorney of the County of Alameda

_____
KENNETH A. MIFSUD
Assistant District Attorney
Attorneys for Plaintiff, People of the State of California

Dated: _____, 2021

_____
PETER B. SABA
Senior Vice President, General Counsel and Corporate Secretary
Schnitzer Steel Industries, Inc.

APPROVED AS TO FORM.

Dated: Feb. 2, 2021

XAVIER BECERRA
Attorney General of California
DAVID A. ZONANA
Acting Senior Assistant Attorney General

_____
DENNIS L. BECK, JR.
Supervising Deputy Attorney General
Attorneys for Plaintiff People of the State of California, ex rel. Meredith Williams, Director of the Department of Toxic Substances Control

Dated: _____, 2021

PILLSBURY WINTHROP SHAW PITTMAN LLP

_____
MARGARET ROSEGAY
Attorney for Defendant Schnitzer Steel Industries, Inc.

Dated: 2/2, 2021

PETER B. SABA
Senior Vice President, General Counsel and Corporate Secretary
Schnitzer Steel Industries, Inc.

APPROVED AS TO FORM.

Dated: _____, 2021

XAVIER BECERRA
Attorney General of California
DAVID A. ZONANA
Acting Senior Assistant Attorney General

_____
DENNIS L. BECK, JR.
Supervising Deputy Attorney General
Attorneys for Plaintiff People of the State of California, ex rel. Meredith Williams, Director of the Department of Toxic Substances Control

Dated: Feb 2, 2021

PILLSBURY WINTHROP SHAW PITTMAN LLP

MARGARET ROSEGAY
Attorney for Defendant Schnitzer Steel Industries, Inc.

EXHIBIT A

XAVIER BECERRA
Attorney General of California
DENNIS A. RAGEN
Acting Supervising Deputy Attorney General
ANDREW WIENER, State Bar No. 282414
Deputy Attorney General
1515 Clay Street, 20th Floor
P.O. Box 70550
Oakland, CA 94612-0550
Tel: (510) 879-0853; Fax: (510) 622-2270
E-mail: Andrew.Wiener@doj.ca.gov
Attorneys for People of the State of California ex rel. Xavier Becerra, Attorney General of the State of California

NANCY E. O'MALLEY
District Attorney of Alameda County
KENNETH A. MIFSUD, State Bar No. 144000
Assistant District Attorney
Consumer and Environmental Protection Division
7677 Oakport Street, Suite 650
Oakland, CA 94621-1934
Telephone: (510) 383-8600
Email: Ken.Mifsud@acgov.org
Attorneys for Plaintiff, the People of the State of California, ex rel. Nancy E. O'Malley, Alameda County District Attorney

DAVID A. ZONANA
Acting Senior Assistant Attorney General
DENNIS L. BECK, JR., State Bar No. 179492
Supervising Deputy Attorney General
1300 I Street, Suite 125
Sacramento, CA 94244-2550
Tel: (916) 210-7801; Fax: (916) 322-5609
E-mail: Dennis.Beck@doj.ca.gov
Attorneys for People of the State of California, ex rel. Meredith Williams, Director of the California Department of Toxic Substances Control

EXEMPT FROM FILING FEES
GOVERNMENT CODE § 6103

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ALAMEDA

PEOPLE OF THE STATE OF CALIFORNIA, ex rel. XAVIER BECERRA Attorney General of the State of California, PEOPLE OF THE STATE OF CALIFORNIA, ex rel. MEREDITH WILLIAMS, Director of the California Department of Toxic Substances Control, PEOPLE OF THE STATE OF CALIFORNIA, ex rel. NANCY E. O'MALLEY, Alameda County District Attorney, Plaintiffs, **v.** **SCHNITZER STEEL INDUSTRIES, INC., an Oregon Corporation,** Defendant.	Case No. **[PROPOSED] FINAL JUDGMENT AND ORDER ON CONSENT** (Code of Civ. Proc., § 664.6)

Having reviewed the Stipulation for Entry of Final Judgment and Order on Consent executed by the People of the State of California, ex rel. Xavier Becerra, Attorney General of the State of California, People of the State of California, ex rel. Meredith Williams, Director of the California Department of Toxic Substances Control, and People of the State of California, ex rel. Nancy E. O'Malley, District Attorney of the County of Alameda, collectively "the People," and Defendant, Schnitzer Steel Industries, Inc., and good cause appearing herein, the Court enters the Final Judgment and Order on Consent herewith.

IT IS SO ORDERED.

Dated: _____

_____
HONORABLE JUDGE OF THE
ALAMEDA COUNTY SUPERIOR COURT

EXHIBIT B

Updated Work Plan for Off-Site LFM Inspection and Cleanup Activities in the Commercial/Industrial Area Adjacent to the Schnitzer Steel Oakland Facility

Oakland, California

Prepared for

Schnitzer Steel Products Company
1101 Embarcadero West
Oakland, California 94607

Prepared by

Terraphase Engineering Inc.
1404 Franklin Street, Suite 600
Oakland, California 94612

February 2, 2021

Project Number 0055.001.011

terraphase engineering
celebrating 10 years

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Acronyms and Abbreviations

C/I	commercial/industrial
HASP	Health and Safety Plan
LFM	light fibrous material
SFBRWQCB	San Francisco Bay Regional Water Quality Control Board
Schnitzer	Schnitzer Steel Industries
Terraphase	Terraphase Engineering Inc.
Facility	Schnitzer Steel Industries' (Schnitzer's) facility located at 1101 Embarcadero West, Oakland California
Port properties	Howard Terminal and the Roundhouse property
Site	Schnitzer Steel Industries' (Schnitzer's) facility located at 1101 Embarcadero West, Oakland California

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Signatures

February 2, 2021

Peter Zawislanski, PG. CHG
Principal Hydrogeologist

Date

February 2, 2021

Anna Behrens
Associate Scientist

Date

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1 Introduction

Inspection and cleanup of light fibrous material (LFM) in the commercial/industrial area (C/I Area) and Port of Oakland-owned (Port) properties adjacent to Schnitzer Steel Industries' (Schnitzer's) facility located at 1101 Embarcadero West, Oakland California ("the Site" or "the Facility"; Figure 1), has been occurring since 2013. LFM inspection and removal activities have been conducted by Terraphase Engineering Inc. (Terraphase) pursuant to work plans submitted to the San Francisco Bay Regional Water Quality Control Board (SFBRWQCB) in 2013; and since 2015, under work plans submitted to the Alameda County District Attorney's office and the Department of Toxic Substances Control. Over the course of this eight-year period, Schnitzer has designed and implemented several major engineering controls at the facility to prevent generation and offsite migration of LFM.

The objective of this work plan is to provide a comprehensive updated document describing inspection and cleanup areas, frequencies, and reporting deliverables for future activities related to off-site LFM inspections and cleanup. All previous work plans are superseded by this document.

1.1 Site Location, Operations, and Conditions

The Facility is located at 1101 Embarcadero West in Oakland, California (Figure 1). The Facility is a scrap-metal recycling facility occupying approximately 26.5 acres of flat-lying land adjacent to the Oakland Inner Harbor waterfront and the Port of Oakland. The Facility is bounded to the south by the Oakland Inner Harbor, to the east and west by the Port of Oakland, and to the north by Embarcadero West and Union Pacific Railroad tracks.

Operations at the Facility include shredding of light iron products including automobiles, appliances, and other recyclable light steel materials; shearing and torch cutting of heavy recyclable steel products; preparation and sorting of ferrous and non-ferrous metal recycling feedstock; temporary storage of finished recycled metal products and treated shredder residue; and maintenance of Facility equipment.

1.2 Characteristics of Light Fibrous Material

LFM, which mainly consists of fabric remnants and other light nonmetallic components, is liberated during shredding and non-ferrous metal recovery activities conducted at the Facility. While the Facility employs extensive engineering controls and many Best Management Practices to control the on- and off-site dispersal of LFM, the material is very light and is susceptible to wind-blown dispersion. There are many materials that have a similar appearance to LFM, such as wood fibers, clothes-dryer lint, polyester pillow and jacket fill, and others. Terraphase staff has extensive experience in distinguishing LFM from these materials. Off-site accumulations of LFM are often mixed or collocated with non-LFM materials, including sediment, debris, trash, vegetation, organic material, etc.

1.3 Project Area

The inspection and cleanup areas include the following:

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- Port properties including Howard Terminal, immediately east of the Facility, and the Roundhouse property, immediately west of the Facility ("the Port properties");
- Publicly accessible portions (primarily sidewalks and street curbs) of the C/I Area roughly bounded by Embarcadero West to the south, Adeline Street to the west, Clay Street to the east, and 5th Street to the north;
- Riprap areas along the Facility's southern boundary and on adjacent portions of riprap at Howard Terminal and the Roundhouse property; and
- Private properties within the C/I Area (contingent on access authorization from property owners).

These areas are depicted on Figure 2.

2 Inspection and Cleanup Activities

2.1 Frequency of LFM Inspection and Cleanup Activities by Area

Inspection and cleanup frequencies are designed to adequately address potential presence of LFM in the four cleanup areas. The proposed inspection frequencies are presented in the table below and are informed by historical LFM collection data trends. Cleanup activities, if necessary, will be performed based on the findings of each inspection event, within each of the four areas.

Table 1 – LFM Inspection Frequencies

Area	Inspection Frequency	Notes
Port properties	Monthly	Inspections will be conducted monthly.
C/I Public Area	Quarterly	De minimis quantities of LFM currently observed in this area.
Riprap Area	Semiannually	De minimis quantities of LFM currently observed in this area. Activities will be scheduled in approximately April and October, to avoid rainy season when work on the riprap area can be unsafe due to slip hazards.
C/I Private Properties	One-time event in 2021	Private properties in the C/I Area were cleaned previously in 2015-2016, and again in 2017. A substantial reduction in LFM quantity was observed between the 2015-2016 and the 2017 cleanup events. One additional inspection and cleanup event will be conducted at private properties where access is granted.

The frequency of inspections and subsequent cleanup activities will be periodically evaluated given the observed and anticipated decreases in LFM volume in the inspection areas. If data indicate consistent

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declining trends in LFM volume, Terraphase may recommend reduction in the frequencies shown in Table 1.

2.2 Preparatory Activities

2.2.1 Permitting and Access

The proposed work generally does not require agency permits because the work is not intrusive below ground surface. If required, City of Oakland permits will be acquired to perform work in the publicly accessible portions of the C/I Area. Terraphase will continue to facilitate access to Howard Terminal and the Roundhouse property through the Port of Oakland. Access to private properties will be coordinated on an individual basis prior to scheduling inspection or cleanup activities. A property owner must provide written access approval for Terraphase to conduct LFM inspection and cleanup on the property. An access request form (Appendix A) will be sent to each property owner previously identified in the C/I Area. Terraphase, on behalf of Schnitzer, will employ reasonable best efforts to contact property owners, but cannot force private property owners to grant access for the work. Terraphase will document properties for which access is denied, or for which contact was unsuccessful.

2.2.2 Health and Safety Plan

A Health and Safety Plan (HASP) will be maintained and updated regularly during ongoing inspection and cleanup work. Health and safety meetings will be conducted in the field. Field work will be monitored according to the HASP to ensure that appropriate health and safety procedures are followed. A hardcopy of the HASP will be kept onsite by the Site Safety Officer and will be made readily available to all workers.

2.2.3 COVID-19 Precautions

To help prevent infection from, or the spread of, the coronavirus (COVID-19), Terraphase staff will follow recommendations from federal, state, and local experts, including mitigation strategies issued by the Centers for Disease Control and Prevention (CDC; https://www.cdc.gov/coronavirus/2019-ncov/community/index.html). Precautions may include use of face coverings and social distancing practices during work activities. The HASP will specify necessary precautions and procedures for COVID-19 safety. The HASP is a living document that will be updated regularly to reflect current state and county guidance and requirements.

For work conducted on private properties, COVID-19 precautions and procedures will be discussed with the property owner or authorized agent prior to conducting work to evaluate whether work can be conducted safely.

2.3 Inspection Approach

Inspections will be performed by Terraphase personnel who are trained and experienced in the field identification of LFM and LFM-containing materials. Observations will be noted on field logs and will be

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supported by photographic documentation. The location of observed LFM targeted for removal will be identified. Areas exhibiting no identifiable LFM will also be recorded.

2.4 Cleanup Methods

LFM removal activities, if necessary, will be conducted as soon as feasible after completion of the inspection. Visually apparent LFM will be removed using hand tools (rakes, brooms, trowels, shovels), or hand-held vacuum equipment ("shop vacs"). LFM may also be removed from larger paved areas, such as parking lots, using a street sweeper, as appropriate. Measures will be taken to minimize dust generation during the LFM removal and transfer, as needed.

2.5 LFM Waste Disposal

The collected LFM will be transported to the Facility, where it will be consolidated and containerized in roll-off bins or drums, pending disposal, and in accordance with applicable requirements. The waste containers will be properly labeled and will include the following information: description of waste; date generated; contact information; and project name.

In general, the removed material will be disposed of as non-RCRA hazardous waste, based on generator knowledge from previous waste characterization events. However, if the LFM content of the waste is visibly lower than previously observed, the waste may be sampled and submitted for chemical analysis to support waste characterization and profiling in accordance with California Code of Regulations, Title 22, Section 66262.11 ("Hazardous Waste Determination"). Waste will be transported to appropriate waste disposal facilities, in a manner consistent with Department of Transportation regulations. Records will be maintained documenting the manner of transport, name of the transporter, and the name and location of the disposal facility.

3 Documentation and Reporting

LFM inspection and removal activities will be documented in field and photographic logs, which will provide a representative visual "before-and-after" comparison of cleaned areas.

Documentation will be compiled into a quarterly summary report and transmitted to the People on a quarterly basis, or as requested. Reports will include:

- a summary of activities;
- maps showing inspection and cleanup locations;
- field and photographic logs showing pre- and post-cleanup conditions at representative locations;
- log of efforts made by Schnitzer or Terraphase to contact private property owners and obtain access to conduct the work;
- descriptions of LFM and LFM-containing materials observed in inspection and cleanup areas;
- estimates of the volume of generated waste; and

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- waste manifests and disposal documentation.

The report may also include recommendations for the modification of inspection frequencies.

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Figures

1 Site Location Map

2 LFM Inspection and Cleanup Areas

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N

0' 4,000' 8,000' 16,000'

Approximate Scale in Feet

SAFETY FIRST	CLIENT: Schnitzer Steel Products Company	Site Location Map
terraphase engineering	PROJECT: Oakland, California	
	PROJECT NUMBER: 0055.001.010, 0055.001.011	Figure 1

J:\CADD FILES\0055 Schnitzer Steel\Sampling Plan.DWG Drawn by: KW ; Checked by: PTZ

Aerial Imagery Source: Nearmap, October 12th, 2020

0 200 400 800 Feet

1 inch = 400 feet

N

SAFETY FIRST

terraphase engineering

CLIENT:	Schnitzer Steel Products Company
PROJECT:	Oakland, California
PROJECT NUMBER:	0055.001.011

Light Fibrous Material (LFM) Inspection and Cleanup Areas

FIGURE 2

File: N:\GIS\Prj\0055 Schnitzer Steel\Figure 2 - LFM Inspection and Cleanup Areas.mxd 1/26/2021 Created by: BKO Checked by: AB Coordinate System: NAD 1983 StatePlane California III FIPS 0403 Feet

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Appendix A

Access Request Letter

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Consent for Access to Property

Property (Physical) Address(es): _____

Property Type (circle): Business Residential Vacant Other

Business Name (if applicable): _____

Owner / Authorized Agent Contact Information:

Name: _____ Work Phone: _____

Mobile Phone: _____ E-mail: _____

Owner's or Authorized Agent's Mailing Address (if different from Property Address above):

_____

_____

_____

Have you observed Light Fibrous Material (LFM) on your property?

There are many materials that have a similar appearance to LFM, such as wood fibers, clothes-dryer lint, polyester pillow and jacket fill, and others. The attached photograph of LFM accumulated on the ground is provided to assist you in evaluating whether LFM may be present on your property.

☐ Yes ☐ No

Confirmation of Consent:

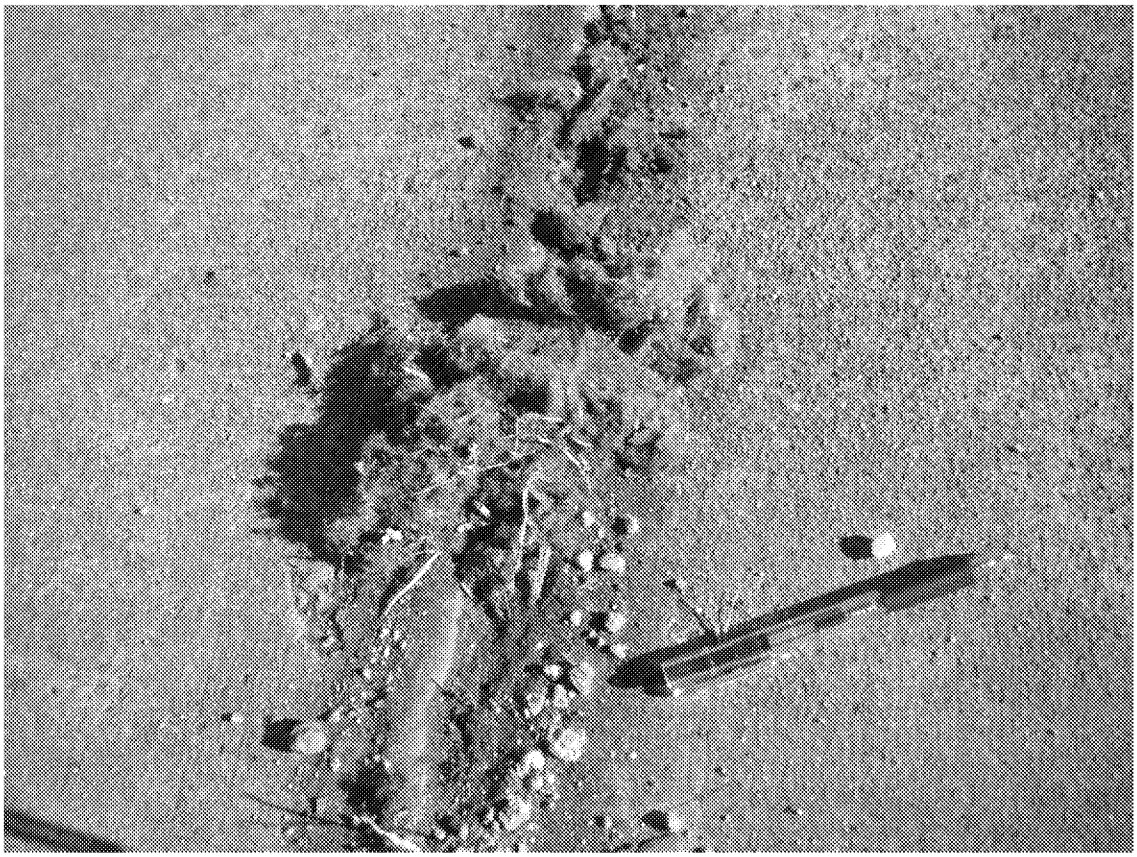
☐ I hereby authorize employees of Terraphase Engineering, Inc. and representatives of Schnitzer Steel, Inc. to enter the above-referenced property for the purpose of conducting an inspection of property surfaces for the potential presence of Light Fibrous Material (LFM). If LFM is found to be present during the property inspection, I authorize employees of Terraphase Engineering Inc. and representatives of Schnitzer Steel to enter the above referenced property for the purpose of removing Light Fibrous Material from the property.

_____

Owner or Authorized Agent Signature **Date**

To help prevent infection from, or the spread of, the coronavirus (COVID-19), all Terraphase staff will follow the most current recommendations from federal, state, and local experts, including mitigation strategies issued by the Centers for Disease Control and Prevention (CDC; https://www.cdc.gov/coronavirus/2019-ncov/community/index.html).

PLEASE RETURN THIS FORM
TO: Pam Gray
Schnitzer Steel, Inc.
1101 Embarcadero West
Oakland, CA 94607
pgray@schn.com



SAFETY FIRST	CLIENT: Schnitzer Steel Products Company	**Typical Example of Light Fibrous Material (LFM)**
terraphase engineering	PROJECT:	
	PROJECT NUMBER: 0055.001	

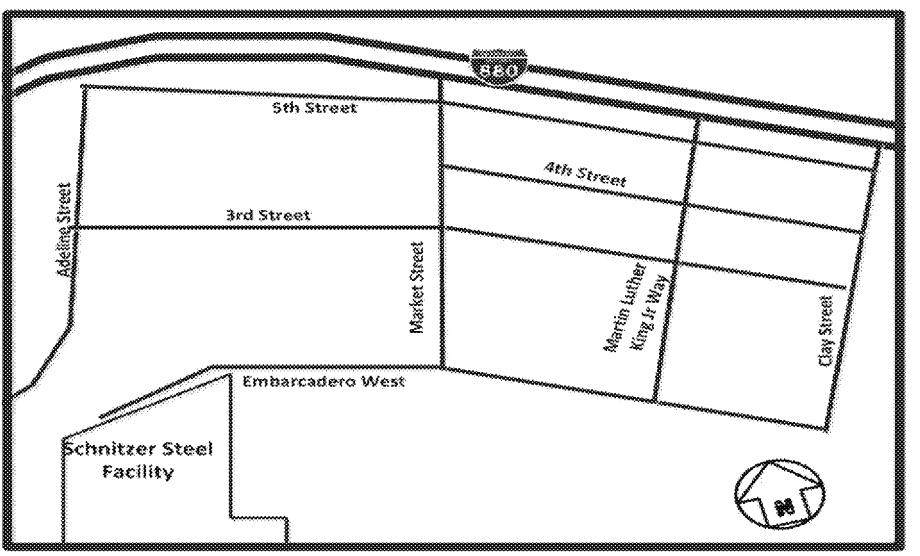
EXHIBIT C

PROPOSITION 65 WARNING

WARNING: The area in and around the scrap metal recycling facility operated by Schnitzer Steel Products Company at 1101 Embarcadero West, Oakland, California, 94607, contains chemicals known to the State of California to cause cancer and birth defects or other reproductive harm, including lead and other metals.

Scrap metal is transported to and handled at the facility by diesel trucks and other heavy equipment, and various residual materials are generated by the process. Some materials associated with the facility's operations contain Proposition 65 chemicals, including lead and other metals. If you live or work near the facility, or if you visit the area, you may be exposed to chemicals which are known to the State of California to cause cancer and birth defects or other reproductive harm.

This warning is provided pursuant to Proposition 65, California Health & Safety Code § 25249.6 et seq. For additional information on Proposition 65, please visit http://www.oehha.org/prop65.html.



OT #5508555; Jul. 1, 2015