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4	Attorneys for Plaintiff	
5	SUSAN DAVIA	
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7	SUPERIOR COURT OF THE STATE OF CALIFORNIA	
8	FOR THE COUNTY OF MARIN	
9	UNLIMITED CIVIL JURISDICTION	
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11	SUSAN DAVIA,	Case No. CIV 1600145
12	Plaintiff,	CONSENT TO JUDGMENT AS TO DEFENDANT ACE HARDWARE CORPORATION
13	v.	
14	ACE HARDWARE CORPORATION and	Action Filed: January 13, 2016
15	DOES 1-150,	Trial Date: None Assigned
16	Defendants.	
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	CONSENT TO HID CMENT CIV1600145	

1. INTRODUCTION

1.1 The Parties

This Consent to Judgment Settlement Agreement ("Agreement") is entered into by and between Plaintiff Susan Davia, ("Davia" or "Plaintiff") and Defendant Ace Hardware Corporation ("ACE" or "Settling Defendant" or "Defendant") with Davia and ACE collectively referred to as the "Parties."

1.2 Plaintiff

Davia is an individual residing in the State of California who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

1.3 Defendant

ACE is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.6 et seq. ("Proposition 65").

1.4 General Allegations

Davia alleges that ACE manufactured, distributed and/or sold, in the State of California, certain types of PVC rainwear comprised of or made with made with components that exposed users to Di(2-ethylhexyl)phthalate ("DEHP") without first providing "clear and reasonable warning" under Proposition 65.

DEHP is listed as a carcinogen, reproductive and developmental toxicant pursuant to Proposition 65. DEHP shall hereafter be referred to as "Listed Chemical."

1.5 Notice of Violation

On October 1, 2015, and October 29, 2015, plaintiff served ACE with valid and compliant Proposition 65 60-day notice of violation, together with valid, requisite Certificates of Merit, that provided public enforcers and these entities with notice of alleged violations of Health & Safety Code § 25249.6 for failing to warn consumers of the presence of the DEHP in and on their PVC rainwear products sold in California (AG Notices 2015-01064 and 2015-01143).

ACE received the October 1, 2015, and October 29, 2015, Notices of Violation (hereafter

"Notice"). ACE represents that, as of the date it executes this Agreement, it believes that no public enforcer is diligently prosecuting a Proposition 65 enforcement action related to the Listed Chemical in the Covered Products, as identified in the Notice.

1.6 Complaint

On January 13, 2016, Davia, acting in the interest of the general public in California, filed a Complaint in the Superior Court of the State of California for the County of Marin, Case No. CIV 1600145, alleging violations by ACE and Does 1-150 of Health & Safety Code § 25249.6 based, *inter alia*, on the alleged exposures to DEHP contained in certain PVC rainwear products.

1.7 No Admission

This Agreement resolves claims that are denied and disputed by Settling Defendant. The Parties enter into this Agreement pursuant to a full and final settlement of any and all claims between the Parties for the purpose of avoiding prolonged litigation. Settling Defendant denies the material factual and legal allegations contained in the Notice and Action, maintains that it did not knowingly or intentionally expose California consumers to the Listed Chemical through the reasonably foreseeable use of the Covered Product and otherwise contends that all Noticed products it has manufactured, distributed and/or sold in California have been and are in compliance with all applicable laws. Nothing in this Agreement shall be construed as an admission by any Settling Defendant of any fact, finding, issue of law, or violation of law; nor shall compliance with this Agreement constitute or be construed as an admission by Settling Defendant of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Settling Defendant. However, notwithstanding the foregoing, this section shall not diminish or otherwise affect Settling Defendant's obligations, responsibilities, and duties under this Agreement.

1.8 Consent to Jurisdiction

For purposes of this Agreement only, the Parties stipulate that this Court has jurisdiction over ACE as to the allegations contained in the Complaint, that venue is proper in County of Marin, and that this Court has jurisdiction to enter and enforce the provisions of this Agreement. As an express part of this Agreement, pursuant to C.C.P. §664.6 the Court in which this action was

filed shall retain jurisdiction over the parties to enforce the settlement until performance in full of the terms of the settlement.

2. DEFINITIONS

- 2.1 The term "Complaint" shall mean the January 13, 2016, Complaint, Marin County Superior Court Case No. CIV1600145.
- 2.2 The term "Covered Product" means all Boulder Creek or Campmaster brand PVC rainwear products that Defendants manufacture, distribute, and/or offer for sale through ACE California franchise retail stores to consumers including, but not limited to, Boulder Creek Vinyl 2-Piece Rainsuit (#811412016240).
 - 2.3 The term "Effective Date" shall mean February 23, 2017.
- 2.4 The term "Phthalate Free" shall mean less than or equal to 1,000 parts per million ("ppm") of DEHP, DBP, DINP, DIDP, DnHP and BBP, in any component of any Covered Product, determined by a minimum of duplicate quality controlled tests by an accredited U.S. laboratory using Environmental Protection Agency ("EPA") testing methodologies 3580A and 8270C.
- 2.5 "Manufactured" and "manufactures" have the meaning defined in Section 3(a)(10) of the Consumer Product Safety Act ("CPSA") [15 U.S.C. § 2052(a)(10)], as amended from time to time.

3. NON-MONETARY RELIEF

- 3.1 Formulation Commitment
- 3.1.1 ACE contends that it is not the manufacturer of the Covered Products and does not exercise any control over the manufacture of the Covered Products. As of the Effective Date, ACE shall require that its vendors of any PVC rainwear that is distributed, or for distribution, into California, or to any California franchisee, comply with all relevant laws and regulation including Proposition 65.
- 3.1.2 On or before the Effective Date, ACE shall notify its existing vendors of PVC rainwear for distribution or sale to or in California or to a customer located in California that, as of the Effective Date, they must only provide ACE with PVC rainwear that meets the Phthalate Free

concentration standards of Section 2.4 or is otherwise labelled with a clear and reasonable warning meeting the language and placement standards of Section 3.2(a)(i).

3.1.3 After the Effective Date, should ACE determine to purchase or otherwise obtain PVC rainwear from a new vendor for distribution into California or to any California franchisee, then ACE shall first provide the Phthalate Free concentration standards of Section 2.4 to such new manufacturer or vendor of any such product and instruct such manufacturer or vendor that they must only provide ACE with PVC rainwear that meets the Phthalate Free concentration standards of Section 2.4 or is otherwise labelled with a clear and reasonable warning meeting the language and placement standards of Section 3.2. Prior to its purchase or other delivery of any new PVC rainwear under this Section, for any such rainwear alleged by the vendor to meet the Phthalate Free concentration standards of Section 2.4, ACE shall obtain a written confirmation from the new vendor that such PVC rainwear demonstrates compliance with the Phthalate Free concentration standard for each such product. Should ACE receive any laboratory test results in conjunction with any vendor's alleged compliance with PVC rainwear phthalate concentration standards, ACE shall maintain copies of such testing for a period of three years after the Effective Date.

3.2 Previously Obtained or Distributed Covered Products.

ACE Retail Store Notification - No later than the Effective Date, ACE shall send a letter, electronic or otherwise ("Notification Letter") to: (1) the manager of each ACE Hardware California retail store to which it, after January 1, 2015, distributed or supplied any Covered Product or that ACE reasonably understands or believes has any inventory of Covered Products. The Notification Letter shall advise the recipient that Covered Product contains DEHP, a chemical known to the State of California to cause cancer, birth defects and other reproductive harm. The Notification letter shall direct recipient that all Covered Product must be labelled with the following clear and reasonable Proposition 65 warning before it is sold in the California market:

WARNING: This product contains chemicals known to the State of California to cause cancer and birth defects or other reproductive harm

The Notification Letter shall request written confirmation from the recipient, within 15 days of

mailing, that all inventory has been labelled with the warning language identified in this section.

3.2.1 Settling Defendant shall maintain any records of compliance correspondence, inventory reports or other communication confirming compliance with § 3.1.1 for three (3) years from the Effective Date.

3.3 ACE Warning Obligations

As of the Effective Date, ACE shall not distribute, sell or ship any Covered Product to a California franchisee unless such Covered Product is sold or shipped with the clear and reasonable warning as set forth in Section 3.1 or is documented by the vendor to be meet the Phthalate Free concentration standards of Section 2.4.

Each warning shall be prominently placed on the consumer product packaging with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions *before* purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Covered Product the warning applies, so as to minimize the risk of consumer confusion.

4. MONETARY PAYMENTS

4.1 Civil Penalty Payment Pursuant to Health & Safety Code § 25249.7(b)

As a condition of settlement of all the claims referred to in this Consent to Judgment, ACE shall pay a total of \$8,000 in civil penalties in accordance with California Health & Safety Code § 25249.12(c)(1) & (d).

4.2 Augmentation of Penalty Payments

For purposes of the penalty assessment under this Agreement, plaintiff is relying entirely upon defendant and its counsel for accurate, good faith reporting to plaintiff of the nature and amounts of relevant sales activity. If within nine (9) months of the Effective Date, plaintiff discovers and presents to Settling Defendant evidence that any type of Covered Product has been distributed by ACE in sales volumes materially different than those identified by such Settling Defendant prior to execution of this Agreement, then such misrepresenting Settling Defendant shall be liable for an additional penalty amount of \$150 per quantity of Covered Product sold prior to

execution of this Agreement but not identified by such defendant to plaintiff. Settling Defendant shall also be liable for any reasonable, additional attorney fees expended by plaintiff in discovering applicable additional retailers or sales for such defendant, up to \$7,500. Plaintiff agrees to provide such misrepresenting Settling Defendant with a written demand for all such additional penalties and attorney fees under this Section. After service of such demand, such defendant shall have thirty (30) days to agree to the amount of fees and penalties owing and submit such payment to plaintiff in accordance with the method of payment of penalties and fees identified in Sections 4.4 and 4.5. Should this thirty (30) day period pass without any such resolution between the parties and payment of such additional penalties and fees, plaintiff shall be entitled to file a legal claim for civil penalties under this section and shall be entitled to all reasonable attorney fees and costs relating to such claim.

4.3 Reimbursement of Plaintiff's Fees and Costs

The Parties acknowledge that Davia and her counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Settling Defendant then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The Parties then attempted to (and did) reach an accord on the compensation due to Davia and her counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5, for all work performed in this matter, except fees that may be incurred on appeal. Under these legal principles, ACE shall pay the amount of \$43,500 for fees and costs incurred investigating, litigating and enforcing this matter, including the fees and costs incurred (and yet to be incurred) negotiating, drafting, and obtaining the Court's approval of this Agreement in the public interest.

4.4 Payment Timing; Payments Held In Trust

ACE shall deliver all settlement payment funds required by this Consent Judgment to its counsel within two weeks of the date that this Agreement is fully executed by the Parties. Settling Defendant's counsel shall confirm receipt of settlement funds in writing to plaintiff's counsel and, thereafter, hold the amounts paid in trust until such time as the Court approves this settlement

contemplated by Section 7.

Within five business days of the date the Court approves the settlement, Defendant's counsel shall deliver the settlement payments or checks it has held in trust to plaintiff's counsel as follows:

- a civil penalty check in the amount of \$6,000 payable to "OEHHA" (EIN: 68-0284486, Memo line "Prop 65 Penalties, 2015-01143");
- a civil penalty check in the amount of \$2,000 payable to "Susan Davia" (Tax ID to be supplied on request, Memo line "Prop 65 Penalties, 2015-01143"); and
- An attorney fee and cost reimbursement check, pursuant to Section 4.3, in the amount of \$43,500 payable to "Sheffer Law Firm" (EIN 55-08-58910, Memo line "2015-01143")

All penalty payments shall be delivered to the Sheffer Law Firm at the following address:

Sheffer Law Firm Attn: Proposition 65 Controller 81 Throckmorton Ave., Suite 202 Mill Valley, CA 94941

ACE shall be liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing from it under this Section that are not received by Sheffer Law Firm within five (5) business days of the due date for such payment.

ACE shall also pay any civil penalties pursuant to Section 4.2, on or before the date agreed upon by the Parties or ordered by the Court pursuant to Section 4.2, with civil penalty checks payable to "OEHHA" (Memo line "Prop 65 Penalties, 2015-01143") and "Susan Davia" (Memo line "Prop 65 Penalties, 2015-01143") in the amount agreed to by the Parties or ordered by the Court pursuant to Section 4.2 and as divided pursuant to California Health & Safety Code § 25249.12(c)(1) & (d).

ACE shall also pay attorney fees and costs pursuant to Section 4.2, on or before the date agreed upon by the Parties or ordered by the Court pursuant to Section 4.2, with a check payable to "Sheffer Law Firm" (Memo line "2015-01143") in the amount agreed upon by the Parties or ordered by the Court pursuant to Section 4.2.

All Section 4.2 payments shall be delivered to plaintiff's counsel at the following address:

Sheffer Law Firm Attn: Proposition 65 Controller 81 Throckmorton Ave., Suite 202 Mill Valley, CA 94941

ACE shall also be liable for payment of interest, at a rate of 10% simple interest, for all amounts due and owing from it under Section 4.2 that are not received by Sheffer Law Firm within two business days of the due date for such payment.

5. CLAIMS COVERED AND RELEASE

5.1 Davia's Releases of ACE

Davia acting on her own behalf and in the public interest, hereby release Defendants and their parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, and attorneys ("Releasees") and each entity to whom they directly or indirectly distribute or sell the Covered Products including, but not limited to, their downstream distributors, wholesalers, customers retailers and related entities, franchisers, cooperative members, licensors and licensees ("Downstream Releasees") for any violations arising under Proposition 65 for unwarned exposures to DEHP from the Covered Products manufactured, imported, distributed or sold by Defendants prior to the Effective Date, as set forth in the Notices. Compliance with the terms of this Consent Judgment constitutes compliance with Proposition 65 by Defendants with respect to the alleged or actual failure to warn about exposures to DEHP from Products manufactured, sold, or distributed for sale by Defendants after the Effective Date.

5.2 Davia's Individual Release of Claims

Davia in her individual capacity only and *not* in any representative capacity, also provide releases to Defendants, Releasees, and Downstream Releasees which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Davia of any nature, character, or kind, whether known or unknown, suspected or unsuspected, arising out of alleged or actual exposures to DEHP in Products manufactured, imported, distributed or sold by Defendants before the Effective Date.

This Section 5.1 release shall not extend upstream to any entities except to the extent that such entities sold or distributed Covered Products directly to ACE.

Upon court approval of the Agreement, the Parties waive their respective rights to a hearing or trial on the allegations of the Complaint.

5.3 Settling Defendant's Release of Davia

Settling Defendant waives any and all claims against Davia, her attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by Davia and her attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Covered Products.

5.4 Mutual Waiver of California Civil Code Section 1542

The Parties each acknowledge that she/it is familiar with Section 1542 of the Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties, each on his/its own behalf, and on behalf of his/its past and current agents, representatives, attorneys, successors, and/or assignees, expressly waive and relinquish any and all rights and benefits which they may have under, or which may be conferred upon them by the provisions of Civil Code section 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent he/it may lawfully waive such rights or benefits pertaining to the released matters, as specifically defined by Sections 5.1 through 5.3, above.

6. SEVERABILITY

If, subsequent to court approval of this Agreement, any of the provisions of this Agreement are determined by a court to be unenforceable, so long as all parties agree, the validity of the enforceable provisions remaining shall not be adversely affected, unless the Court finds that any unenforceable provision is not severable from the remainder of the Agreement.

7. COURT APPROVAL

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This Agreement is effective upon execution but must also be approved by the Court. If this Agreement is not approved by the Court in its entirety, the Parties shall meet and confer to determine whether to modify the terms of the Agreement and to resubmit it for approval. In meeting and conferring, the Parties agree to undertake any actions reasonably necessary to amend and/or modify this Agreement in order to further the mutual intention of the Parties in entering into this Agreement.

The Agreement shall become invalid if, for any reason, it is not approved and entered by the Court, as it is executed, within one year after it has been fully executed by all Parties. If the Agreement becomes invalid after any payment of monies under this agreement to defense counsel in trust, such monies shall be returned to defendant by payment of such monies to counsel of each defendant in trust for that defendant.

If this Agreement is not entered by the Court, and the Parties have exhausted their meet and confer efforts pursuant to this Section 7, upon 15 days written notice, the law firm holding Settling Defendant's funds in trust shall refund any and all payments made into its trust account by Settling Defendant as requested.

8. **GOVERNING LAW**

The terms of this Agreement shall be governed by the laws of the State of California.

9. **NOTICES**

When any Party is entitled to receive any notice under this Agreement, the notice shall be sent by FedEx (or other tracked mail) or electronic mail to the following:

For ACE Hardware Corporation, to:

Ace Hardware Corporation 2200 Kensington Court Oak Brook, IL 60523

With copy to their counsel at:

Lee N. Smith Perkins Mann & Everett 7815 N. Palm Ave, Suite 200 Fresno, California 93711-5531

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LnSmith@pmelaw.com

For Davia to:

Proposition 65 Coordinator Sheffer Law Firm 81 Throckmorton Ave., Suite 202 Mill Valley, CA 94941

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Any Party may modify the person and address to whom the notice is to be sent by sending each other Party notice by certified mail and/or other verifiable form of written communication.

10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(F)

Davia agrees to comply with the reporting form requirements referenced, in California Health & Safety Code §25249.7(f) and to file a motion for approval of this Agreement.

11. **MODIFICATION**

This Agreement may be modified only: (1) by a written agreement of the Parties approved by the Court; or (2) upon a successful motion of any party and approval of a modified Agreement by the Court.

12. ADDITIONAL POST-EXECUTION ACTIVITIES

The parties acknowledge that, pursuant to Health & Safety Code §25249.7, a noticed motion is required to obtain judicial approval of this Agreement. In furtherance of obtaining such approval, Davia and each Settling Defendant, and their respective counsel, agree to mutually employ their best efforts to support the entry of this Agreement as a settlement agreement and obtain approval of the Agreement - sufficient to render an order approving this agreement - by the Court in a timely manner. Any effort by Settling Defendant to impede judicial approval of this Agreement shall subject such impeding party to liability for attorney fees and costs incurred by plaintiff or her counsel in their efforts to meet or oppose such Settling Defendant's impeding conduct. Settling Defendant agrees to accept notice of the entry of any order approving the settlement and entering judgment by electronic service of such notice to its counsel.

13. **ENTIRE AGREEMENT**

This Settlement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations,

commitments, and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any Party hereto. No other agreements not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties. No supplementation, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any of the other provisions whether or not similar, nor shall such waiver constitute a continuing waiver

14. ATTORNEY'S FEES

- 14.1 Should Davia prevail on any motion, application for order to show cause or other proceeding to enforce a violation of this Agreement, Davia shall be entitled to her reasonable attorney fees and costs incurred as a result of such motion, order or application, consistent with C.C.P. §1021.5. Should a Settling Defendant prevail on any motion, application for order to show cause or other proceeding to enforce a violation of this Consent Judgment, a Settling Defendant may be entitled to its reasonable attorney fees and costs incurred as a result of such motion, order or application upon a finding that Davia's prosecution of the motion or application lacked substantial justification. For purposes of this Agreement, the term substantial justification shall carry the same meaning as used in the Civil Discovery Act of 1986, Code of Civil Procedure §§ 2016, et seq.
- 14.2 Except as specifically provided in the above paragraph and in Section 4.3, each Party shall bear its own costs and attorney's fees in connection with this action.
- 14.3 Nothing in this Section 14 shall preclude a Party from seeking an award of sanctions pursuant to law.

15. NEUTRAL CONSTRUCTION

All Parties and their counsel have participated in the preparation of this Agreement and this Agreement is the result of the joint efforts of the Parties. This Agreement was subject to revision and modification by the Parties and has been accepted and approved as to its final form by all Parties and their counsel. Accordingly, any uncertainty or ambiguity existing in this Agreement shall not be interpreted against any Party as a result of the manner of the preparation of this

Agreement. Each Party to this Agreement agrees that any statute or rule of construction providing that ambiguities are to be resolved against the drafting Party should not be employed in the interpretation of this Agreement and, in this regard, the Parties hereby waive California Civil Code Section 1654.

16. COUNTERPARTS, FACSIMILE SIGNATURES

This Agreement may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

17. AUTHORIZATION

The undersigned parties and their counsel are authorized to execute this Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Agreement.

IT IS SO AGREED

Dated: February 1, 2017

Dated: February 23, 2017

Chin Venhuizen, President
ACE Hardware Corporation

Tohn Suigne, Executive VP