August 1, 2008, in *People v. Frito-Lay, Inc., et al.*, Los Angeles County Superior Court Case No. BC 338956.¹

1.3 "Effective Date" means the date on which notice of entry of this Consent Judgment by the Court is served upon Settling Defendant.

2. INTRODUCTION

- 2.1 The Parties to this Consent Judgment are the Center for Environmental Health, a California non-profit corporation ("CEH") and Think Food Group LLC ("Settling Defendant"). CEH and Settling Defendant (the "Parties") enter into this Consent Judgment to settle certain claims asserted by CEH against Settling Defendant as set forth in the Complaint.
- 2.2 On or about October 28, 2016, CEH provided a 60-day Notice of Violation of Proposition 65 (the "Notice") to the California Attorney General, the District Attorneys of every county in California, the City Attorneys of every California city with a population greater than 750,000, and to Settling Defendant, alleging that Settling Defendant violated Proposition 65 by exposing persons in California to acrylamide contained in Covered Products without first providing a clear and reasonable Proposition 65 warning.
- 2.3 CEH alleges that Settling Defendant is a corporation or other business entity that manufactures, distributes, sells, or offers for sale Covered Products that are sold in the State of California or has done so at times relevant to the Complaint.
- 2.4 On November 9, 2017, CEH filed the Complaint in the above-captioned matter, naming Settling Defendant as an original defendant.
- 2.5 For purposes of this Consent Judgment only, the Parties stipulate that this Court has jurisdiction over the allegations of violations contained in the Complaint and personal jurisdiction over Settling Defendant as to the acts alleged in the Complaint, that venue is proper in the County of Alameda, and that this Court has jurisdiction to enter and enforce this Consent Judgment as a full and final resolution of all claims which were or could have been raised in the Complaint based on

 $^{^1}$ Examples of these products are found in Exhibit A to the Frito-Lay Consent Judgment, which is available at http://www.prop65daily.com/Litigation/People% 20v% 20Frito-Lay% 20LA% 20BC 338956/People% 20v.% 20Frito-Lay% 20-% 20Consent% 20Judgment% 20as% 20to% 20Frito-Lay.pdf.

the facts alleged therein and in the Notice with respect to Covered Products manufactured, distributed, and/or sold by Settling Defendant.

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

3. INJUNCTIVE RELIEF

- 3.1 **Reformulation of Covered Products.** Commencing on August 1, 2018 (the "Compliance Date"), Settling Defendant shall not purchase, manufacture, or import Covered Products that are thereafter offered for sale in California that exceed the following acrylamide concentration levels (the "Reformulation Levels"):
- 3.1.1.1 The average acrylamide concentration shall not exceed 281 parts per billion ("ppb") by weight (the "Average Level"). The Average Level is determined by randomly selecting and testing at least 1 sample each from 5 different lots of a particular type Covered Product (or the maximum number of lots available for testing if less than 5) during a testing period of at least 60 days.
- 3.1.1.2 The acrylamide concentration of any individual unit of Covered Products shall not exceed 350 ppb by weight, based on a representative composite sample taken from the individual unit being tested (the "Unit Level"). Testing for acrylamide shall be performed using either GC/MS (Gas Chromatrography/Mass Spectrometry), LC-MS/MS (Liquid Chromatograph-Mass Spectrometry/Mass Spectrometry), or any other testing method agreed upon by the Parties to this Consent Judgment.
- 3.2 **Clear and Reasonable Warnings.** A Covered Product purchased, manufactured, imported by Settling Defendant after the Compliance Date may, as an alternative to meeting the

Reformulation Levels set forth in Section 3.1, thereafter be sold or offered for sale in California with a warning that complies with the provisions of this Section 3.2 (a "Clear and Reasonable Warning"). A Clear and Reasonable Warning under this Agreement shall state:

3.2.1 For warnings on the packaging of the Covered Product:

WARNING: Consuming this product can expose you to acrylamide, which is known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov/food.

The statement shall be prominently displayed on the Covered Product. Or,

3.2.2 For internet or catalog sales:

WARNING: Consuming this product can expose you to acrylamide, which is known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov/food.

This statement shall be prominently displayed with such conspicuousness, as compared with other words, statements or designs as to render it likely to be read and understood by an ordinary individual prior to sale. The word "WARNING" shall be displayed in all capital letters and bold print. If the warning statement is displayed on the Covered Product's label, it must be set off from other surrounding information and enclosed in a text box. For internet or catalog sales where the consumer is not physically present, the warning statement shall be displayed in such a manner that it is likely to be read and understood by an ordinary individual prior to the authorization of or actual payment. If Settling Defendant elects to avail itself of the warning option provided by this Section 3.2, Settling Defendant shall provide written notice to CEH prior to Settling Defendant's first distribution or sale of Covered Products with warnings under this Section 3.2, and Settling Defendant concurrently shall make the additional payment specified in Section 5.2.4 below.

4. ENFORCEMENT

4.1 **General Enforcement Provisions**. CEH may, by motion or application for an order to show cause before this Court, enforce the terms and conditions contained in this Consent Judgment. Any action to enforce alleged violations of Section 3 by Settling Defendant shall be brought exclusively pursuant to this Section 4, and be subject to the meet and confer requirement of Section 4.2.4 if applicable.

4.2 Enforcement of Injunctive Relief by CEH.

4.2.1 <u>Notice of Violation</u>. In the event that CEH identifies a Covered Product that was sold or offered for sale to California consumers by Settling Defendant with a best-by or sell-by (or equivalent) date more than 12 months after the Compliance Date, and for which CEH has laboratory test results showing that the Covered Product exceeds the Unit Level, and which lacks a Clear and Reasonable Warning that complies with Section 3.2, CEH may issue a Notice of Violation pursuant to this Section.

4.2.2 <u>Service of Notice of Violation and Supporting Documentation.</u>

- 4.2.2.1 The Notice of Violation shall be sent to the person(s) identified in Section 8.2 to receive notices for Settling Defendant, and must be served within sixty (60) days of the later of the date the Covered Product at issue was purchased or otherwise acquired by CEH or the date that CEH can reasonably determine that the Covered Product at issue was manufactured, shipped, sold, or offered for sale by Settling Defendant, provided, however, that CEH may have up to an additional sixty (60) days to send the Notice of Violation if, notwithstanding CEH's good faith efforts, the test data required by Section 4.2.2.2 below cannot be obtained by CEH from its laboratory before expiration of the initial sixty (60) day period.
- 4.2.2.2 The Notice of Violation shall, at a minimum, set forth: (a) the date the Covered Product was purchased; (b) the location at which the Covered Product was purchased; (c) a description of the Covered Product giving rise to the alleged violation, including the name and address of the retail entity from which the sample was obtained and pictures of the product packaging from all sides, which identifies the product lot; and (d) all test data obtained by CEH regarding the Covered Product and supporting documentation sufficient for validation of the test results, including any laboratory reports, quality assurance reports, and quality control reports associated with testing of the Covered Product.
- 4.2.3 <u>Notice of Election of Response</u>. No more than thirty (30) days after effectuation of service of a Notice of Violation, Settling Defendant shall provide written notice to CEH whether it elects to contest the allegations contained in a Notice of Violation ("Notice of Election"). Failure to provide a Notice of Election within thirty (30) days of effectuation of service

of a Notice of Violation shall be deemed an election to contest the Notice of Violation. Upon notice to CEH, Settling Defendant may have up to an additional sixty (60) days to elect if, notwithstanding Settling Defendant's good faith efforts, Settling Defendant is unable to verify the test data provided by CEH before expiration of the initial thirty (30) day period.

- 4.2.4 If a Notice of Violation is contested, the Notice of Election shall include all documents upon which Settling Defendant is relying to contest the alleged violation, including all available acrylamide test data for Covered Products with the same lot number as that of the Covered Product identified in CEH's Notice of Violation (the "Noticed Covered Products"). If Settling Defendant or CEH later acquires additional test or other data regarding the alleged violation during the meet and confer period described in Section 4.2.4, they shall notify the other party and promptly provide all such data or information to the party unless either the Notice of Violation or Notice of Election has been withdrawn. Settling Defendant may contest a violation on the grounds that, with respect to the specific Covered Product purchased by CEH for its Notice of Violation: (a) Settling Defendant's distributor or retailer customer represented to Settling Defendant that it would not sell or distribute that Covered Product within the State of California; and (b) Settling Defendant did not directly sell in California or ship to California such Covered Product.
- 4.2.5 Meet and Confer. If a Notice of Violation is contested, CEH and Settling Defendant shall meet and confer to attempt to resolve their dispute. Within thirty (30) days of serving a Notice of Election contesting a Notice of Violation, Settling Defendant may withdraw the original Notice of Election contesting the violation and serve a new Notice of Election to not contest the violation, provided, however, that, in this circumstance, Settling Defendant shall pay \$2,500 in addition to any other payment required under this Consent Judgment. At any time, CEH may withdraw a Notice of Violation, in which case for purposes of this Section 4.2 the result shall be as if CEH never issued any such Notice of Violation. If no informal resolution of a Notice of Violation results within thirty (30) days of a Notice of Election to contest, CEH may file an enforcement motion or application pursuant to Section 4.1. In any such proceeding, CEH may seek whatever fines, costs, penalties, attorneys' fees, or other remedies are provided by law for an alleged failure to comply with the Consent Judgment.

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- 4.2.6 <u>Non-Contested Notices</u>. If Settling Defendant elects to not contest the allegations in a Notice of Violation, they shall undertake corrective action(s) and make payments, if any, as set forth below.
- 4.2.6.1 Settling Defendant shall include in its Notice of Election a detailed description with supporting documentation of the corrective action(s) that it has undertaken or proposes to undertake to address the alleged violation. Any such correction shall, at a minimum, provide reasonable assurance that all Noticed Covered Products will not be thereafter be sold or offered for sale in California. Settling Defendant shall make available to CEH for inspection and copying records of non-privileged correspondence sufficient to show market withdrawal of the Noticed Covered Products to the extent it has such documents on file. If the Notice of Violation is based on a violation of the Unit Level with respect to a single Covered Product, Settling Defendant may be excused from the recall obligation described in the foregoing (but not the monetary payments, if any, required by this Section 4) if Settling Defendant produces test results and other evidence that: (1) demonstrates that the acrylamide levels found by CEH in the unit alleged to be in violation is an aberration; and (2) otherwise provides reasonable assurance that the remainder of the Noticed Covered Products, aside from the unit alleged to be in violation, comply with the Reformulation Levels. The Parties agree that this Section 4.2.6.1 is satisfied if Settling Defendant can demonstrate that the type of Covered Product at issue in the Notice of Violation satisfies the Average Level. However, to avail itself of this provision, Settling Defendant must provide CEH with all non-privileged acrylamide test data in its possession, custody or control pertaining to the type of Covered Product at issue in the Notice of Violation that was performed within the year prior to the date of the Notice of Election. If there is a dispute over whether Settling Defendant is excused from the corrective action and penalty, Settling Defendant and CEH shall meet and confer before seeking any remedy in court. In no case shall CEH issue more than one Notice of Violation per manufacturing lot of a type of Covered Product, nor shall CEH issue more than two Notices of Violation in the first year following the Compliance Date.
- 4.2.6.2 If the Notice of Violation is the first, second, third, or fourth Notice of Violation received by Settling Defendant under Section 4.2.1 that was not successfully contested or

- withdrawn, then Settling Defendant shall pay \$10,000 for each Notice of Violation. If Settling Defendant has received more than four (4) Notices of Violation under Section 4.2.1 that were not successfully contested or withdrawn, then Settling Defendant shall pay \$20,000 for each Notice of Violation. If Settling Defendant produces with its Notice of Election test data for the Covered Product that: (i) was conducted prior to the date CEH gave Notice of Violation; (ii) was conducted on the same type of Covered Product; and (iii) demonstrates acrylamide levels below the applicable Reformulation Level, then any payment under this Section shall be reduced by 100 percent (100%) for the first Notice of Violation, by seventy-five percent (75%) for the second Notice of Violation, and by fifty percent (50%) for any subsequent Notice of Violation. If Settling Defendant is excused from the recall obligation pursuant to Section 4.2.6.1, then Settling Defendant shall pay \$2,500 for that Notice of Violation. In no case shall Settling Defendant be obligated to pay more than \$100,000 for all Notices of Violation not successfully contested or withdrawn in any calendar year irrespective of the total number of Notices of Violation issued.
- 4.2.7 <u>Payments</u>. Any payments under Section 4.2 shall be made by check payable to the "Lexington Law Group" and shall be paid within thirty (30) days of service of a Notice of Election triggering a payment and shall be used as reimbursement for costs for investigating, preparing, sending, and prosecuting Notices of Violation, and to reimburse attorneys' fees and costs incurred in connection with these activities.
- 4.3 **Repeat Violations.** If Settling Defendant has received four (4) or more Notices of Violation concerning the same type of Covered Product that were not successfully contested or withdrawn in any two (2) year period then, at CEH's option, CEH may seek whatever fines, costs, penalties, attorneys' fees, or other remedies that are provided by law for failure to comply with the Consent Judgment. Prior to seeking such relief, CEH shall meet and confer with Settling Defendant for at least thirty (30) days to determine if Settling Defendant and CEH can agree on measures that Settling Defendant can undertake to prevent future alleged violations.

5. PAYMENTS

5.1 **Payments by Settling Defendant.** Within ten (10) calendar days of the Effective Date, Settling Defendant shall pay the total sum of \$45,000 as a settlement payment as further set

- 5.2.2 \$4,410 as an Additional Settlement Payment ("ASP") to CEH pursuant to Health & Safety Code § 25249.7(b), and California Code of Regulations, Title 11, § 3204. CEH intends to restrict use of the ASPs received from this Consent Judgment to the following purposes: the funds will be placed in CEH's Toxics in Food Fund and used to support CEH programs and activities that seek to educate the public about acrylamide and other toxic chemicals in food, to work with the food industry and agriculture interests to reduce exposure to acrylamide and other toxic chemicals in food, and to thereby reduce the public health impacts and risks of exposure to acrylamide and other toxic chemicals in food sold in California. CEH shall obtain and maintain adequate records to document that ASPs are spent on these activities and CEH agrees to provide such documentation to the Attorney General within thirty (30) days of any request from the Attorney General. The payment pursuant to this Section shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.
- 5.2.3 \$34,700 as a reimbursement of a portion of CEH's reasonable attorneys' fees and costs. The attorneys' fees and cost reimbursement shall be made in two separate checks as follows: (a) \$29,465 payable to the Lexington Law Group and associated with taxpayer identification number 94-3317175; and (b) \$5,235 payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. These payments shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.
- 5.2.4 Additional Civil Penalty. If Settling Defendant avails itself of the warning option provided for by Section 3.2, Settling Defendant shall make an additional payment of \$22,500 as a civil penalty, concurrently with its written notice as provided in Section 3.2. This additional civil penalty payment shall be apportioned in accordance with Health & Safety Code § 25249.12 (25% to CEH and 75% to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA")). Accordingly, the OEHHA portion of the civil penalty payment for \$16,875 shall be made payable to OEHHA, associated with taxpayer identification number 68-0284486, and sent to the OEHHA address set forth in section 5.2.1 above. The CEH portion of the

additional civil penalty payment for \$5,625 shall be made payable to the Center for Environmental Health and associated with taxpayer identification number 94-3251981. This payment shall be delivered to Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117.

6. MODIFICATION AND DISPUTE RESOLUTION

- 6.1 **Modification.** This Consent Judgment may be modified from time to time by express written agreement of the Parties, with the approval of the Court and prior notice to the Attorney General's Office, or by an order of this Court upon motion and prior notice to the Attorney General's Office and in accordance with law.
- 6.2 **Notice; Meet and Confer.** Any Party seeking to modify this Consent Judgment shall attempt in good faith to meet and confer with all affected Parties prior to filing a motion to modify the Consent Judgment.

7. CLAIMS COVERED AND RELEASE

- 7.1 Provided that Settling Defendant complies in full with its obligations under Section 5 above, this Consent Judgment is a full, final and binding resolution between CEH, on behalf of itself and its successors and assigns and in the public interest, and Settling Defendant and its parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, agents, shareholders, successors, and assigns ("Defendant Releasees"), and all entities to which Settling Defendant directly or indirectly distributes or sells Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, licensors, and licensees ("Downstream Defendant Releasees"), of any violation of Proposition 65 based on failure to warn about alleged exposure to acrylamide contained in Covered Products that were manufactured, purchased, or imported prior to the Compliance Date.
- 7.2 Provided that Settling Defendant complies in full with its obligations under Section 5 above, CEH, for itself, its agents, successors and assigns, releases, waives, and forever discharges any and all claims against Settling Defendant, Defendant Releasees, and Downstream Defendant Releasees arising from any violation of Proposition 65 or any other statutory or common law claims that have been or could have been asserted by CEH individually or in the public interest regarding the failure to warn about exposure to acrylamide arising in connection with Covered Products

10. GOVERNING LAW AND CONSTRUCTION

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

11. ATTORNEYS' FEES

- 11.1 A Party who unsuccessfully brings or contests an action, motion, or application arising out of this Consent Judgment shall be required to pay the prevailing Party's reasonable attorneys' fees and costs.
- 11.2 Nothing in this Section 11 shall preclude a party from seeking an award of sanctions pursuant to law.

12. ENTIRE AGREEMENT

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

13. RETENTION OF JURISDICTION

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

14. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT

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

15. NO EFFECT ON OTHER SETTLEMENTS

15.1 Nothing in this Consent Judgment shall preclude CEH from resolving any claim against an entity that is not Settling Defendant on terms that are different than those contained in this Consent Judgment. Settling Defendant may move to modify this Consent Judgment pursuant to Section 6 to substitute higher Reformulation Levels that CEH agrees to in a future consent judgment applicable to products identical to the Covered Products, and CEH agrees not to oppose any such motion except for good cause shown.

16. EXECUTION IN COUNTERPARTS

16.1 The stipulations to this Consent Judgment may be executed in counterparts and by means of facsimile or portable document format (pdf), which taken together shall be deemed to constitute one document.

IT IS SO ORDERED, ADJUDGED,		
AND DECREED		
Dated: Judge of the Superior Court IT IS SO STIPULATED:		
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	Printed Name	
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	Title	
Dated:, 2018	THINK FOOD GROUP LLC	
	Signature	
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Dated:	Judge of the Superior Court	
IT IS SO STIPULATED:		
Dated:, 2018	CENTER FOR ENVIRONMENTAL HEALTH	
	Signature	
	Printed Name	
	Title	
Dated: <u>Feb. 9</u> , 2018	THINK FOOD GROUP LLC	
	Signature Donn	
	Michael Doneff	
	Printed Name	
	Chief Marketing Officer Title	
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