SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Audrey Donaldson ("DONALDSON"), on the one hand, and Core Kitchen, Core Home and Brumis Imports, Inc. (collectively referred to hereinafter as "CORE"), on the other. DONALDSON and CORE are each individually referred to as a "Party" and collectively as the "Parties." DONALDSON is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. DONALDSON alleges that CORE is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code section 25249.6 *et seq.* ("Proposition 65").

1.2 General Allegations

DONALDSON alleges that CORE manufactures, sells, and distributes for sale in California, Totes with Vinyl Handles and Bag Clips with Vinyl Grips containing the phthalate chemical di(2-ethylhexyl) phthalate ("DEHP"). DEHP is listed pursuant to Proposition 65 as a chemical known to cause birth defects and other reproductive harm. DONALDSON alleges that CORE failed to provide the health hazard warning required by Proposition 65 for exposures to DEHP.

1.3 Product Description

The products covered by this Settlement Agreement are: (i) Totes with Vinyl Handles that are manufactured, sold, or distributed for sale in California by CORE including, but not limited to, the "*Wine & Lunch Insulated Tote; Insulated Tote Large-Leopard," UPC 8 48974 12142 6* (hereinafter "Tote Products")*;* and (ii) Bag Clips with Vinyl Grips that are manufactured, sold, or distributed for sale in California by CORE including, but not limited to, the "*8PC Magnetic Bag Clips," UPC 8 48974 17264 0*

(hereinafter "Bag Clip Products"). The Tote Products and Bag Clip Products shall hereinafter collectively be referred to as the "Products".

1.4 Notice of Violation

On October 16, 2018, DONALDSON served CORE and the requisite public enforcement agencies with a 60-Day Notice of Violation ("Notice"), alleging that CORE violated Proposition 65 when it failed to warn its customers and consumers in California of the health hazards associated with exposures to DEHP from the Tote Products.

On January 31, 2019, DONALDSON served CORE and the requisite public enforcement agencies with a Supplemental 60-Day Notice of Violation ("Supplemental Notice"), alleging that CORE violated Proposition 65 when it failed to warn its customers and consumers in California of the health hazards associated with exposures to DEHP from the Products.

On February 22, 2019, DONALDSON served CORE and the requisite public enforcement agencies with a Second Supplemental 60-Day Notice of Violation ("Second Supplemental Notice"), adding the retailer of the Products to the Notice and alleging that CORE violated Proposition 65 when it failed to warn its customers and consumers in California of the health hazards associated with exposures to DEHP from the Products. No public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice, Supplemental Notice or Second Supplemental Notice (collectively the "Notices").

1.5 No Admission

CORE denies the material, factual, and legal allegations contained in the Notices and maintains that all of the products that it has sold and distributed in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by CORE of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by CORE of any fact, finding,

conclusion, issue of law, or violation of law, such being specifically denied by CORE. This Section shall not, however, diminish or otherwise affect CORE'S obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean April 15, 2019.

2. INJUNCTIVE RELIEF: REFORMULATION/WARNINGS

2.1 Reformulation Standards

"Reformulated Products" are defined as those Products containing DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C, or any other methodologies utilized by federal or state agencies for the purpose of determining the DEHP content in a solid substance.

2.2 Reformulation Commitment

As of the Effective Date, CORE shall not manufacture, import, distribute, sell or offer the Products for sale in the State of California unless they are Reformulated Products pursuant to Section 2.1, or carry appropriate health hazard warnings per section 2.3. The Parties agree and intend for compliance with the terms of this Settlement Agreement to constitute compliance with Proposition 65 with respect to exposures to DEHP from the Products, as set forth in the Notices.

2.3 Product Warnings

As of the Effective Date, all Products CORE sells and/or distributes for sale in California which do not qualify as Reformulated Products, will bear a clear and reasonable warning pursuant to this Section. CORE further agrees that the warning will be prominently placed with such conspicuousness when 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 of use. For purposes of this Settlement

Agreement, a clear and reasonable warning for the Products shall consist of a warning affixed directly to the product or product packaging, label, or tag, for Products sold in California and containing one of the following statements:

> ⚠ **WARNING**: Reproductive Harm- www.P65Warnings.ca.gov
>
> OR
>
> ⚠ **WARNING**: This product can expose you to chemicals, including DEHP, which are known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payment

Pursuant to Health and Safety Code section 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, CORE agrees to pay, no later than the Effective Date, $7,500 in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) & (d), with 75% of the penalty amount remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty amount paid to DONALDSON and delivered to the address in Section 3.3 herein. CORE will provide its payment, no later than the Effective Date, in two checks as follows: (1) "OEHHA" in the amount of $5,625; and (2) "AUDREY DONALDSON" in the amount of $1,875. CORE shall provide counsel with a tracking number for the payments made pursuant to this section.

3.2 Attorneys' Fees and Costs

The Parties acknowledge that DONALDSON 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 the issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been finalized, the parties attempted to (and did not) reach an accord on the compensation due to DONALDSON

and her counsel under the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5. The Parties do agree, however, that under California law DONALDSON and her counsel are entitled to seek their reasonable attorney's fees and costs and that all the prerequisites set forth in the Code of Civil Procedure section 1021.5 have been met. The Parties dispute is limited to the amount of attorneys' fees and costs to be awarded to DONALDSON and her counsel.

In an effort to save resources, the Parties have agreed to have the outstanding fee and costs issue mediated, initially. If the parties are unable to reach an agreement after four hours of mediation, the Parties hereby agree to convey the necessary authority to the neutral conducting the mediation to determine a sum that he or she deems to be the reasonable attorneys' fees and costs recoverable by DONALDSON and her counsel. The Parties hereby agree that, if the mediator is required to make a determination of DONALDSON'S reasonable attorneys' fees and costs, that determination shall be binding upon the parties.

The Parties agree: (i) the cost of the mediation shall be equally divided equally between DONALDSON on the one hand and CORE on the other; (ii) to use a single neutral rather than three neutrals; (iii) that the mediation proceedings shall be confidential and privileged except for the amount of attorneys' fees and costs agreed upon or awarded at the conclusion of the mediation, and (iv) that briefs be limited to 10 pages or less, plus any necessary declarations.

The mediation shall take place through JAMS in San Francisco, California on or before June 1, 2019, with payment to occur within ten (10) calendar days of the date the mediation concludes or the date the Parties negotiate a fixed sum under mediation, whichever is sooner. DONALDSON shall initiate the mediation process and both Parties agree to respond to the list of potential neutrals within three days of the ADR service providing the Parties with a list of available neutrals.

Nothing in this Settlement shall prohibit DONALDSON from seeking to recover 100% of her counsel's fees and costs in this matter, including fees and costs incurred participating in the mediation process if allowed under California law.

3.3 Payment Address

All payments under this Settlement Agreement shall be delivered to the following address:

Voorhees & Bailey, LLP
990 Amarillo Avenue
Palo Alto, CA 94303

4. CLAIMS COVERED AND RELEASED

4.1 DONALDSON'S Release of Proposition 65 Claims

DONALDSON acting on her own behalf, and *not* on behalf of the public, releases CORE, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom CORE directly or indirectly distributes or sells Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers (including TJX Companies), franchisees, cooperative members, and licensees (collectively, "Releasees"), from all claims for violations of Proposition 65 through the Effective Date based on unwarned exposures to DEHP in the Products, except for DONALDSON'S claim for attorneys' fees and costs which are yet to be adjudicated. The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any entities that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to CORE.

4.2 DONALDSON'S Individual Release of Claims

DONALDSON, in her individual capacity only and *not* in her representative capacity, provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, damages, losses, claims,

liabilities, and demands of DONALDSON of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to DEHP in the Products manufactured, imported, distributed, or sold by CORE prior to the Effective Date, except for DONALDSON'S claim for attorneys' fees and costs which are yet to be adjudicated. The Parties further understand and agree that this Section 4.2 release shall not extend upstream to any entities that manufactured the Products, or any component parts thereof, or any distributors or suppliers who sold the Products, or any component parts thereof to CORE. Nothing in this Section affects DONALDSON'S right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve CORE'S Products.

4.3 CORE'S Release of DONALDSON

CORE, on its own behalf, and on behalf of its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against DONALDSON and her attorneys and other representatives, for any and all actions taken or statements made by DONALDSON and her attorneys and other representatives, whether in the course of investigating claims, seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

5. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any provision of this Settlement Agreement is deemed by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

6. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then CORE may provide written notice to DONALDSON of any asserted

change in the law and shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

7. NOTICE

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For CORE:

Donald S. Burris, Esq.
Burris, Schoenberg & Walden LLP
12121 Wilshire Boulevard, Suite 800
Los Angeles, California 90025

For DONALDSON:

Voorhees & Bailey, LLP
Proposition 65 Coordinator
990 Amarillo Avenue
Palo Alto, CA 94303

Any Party may, from time to time, specify in writing to the other a change of address to which all notices and other communications shall be sent.

8. COUNTERPARTS; FACSIMILE SIGNATURES

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

9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

DONALDSON and her attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

10. MODIFICATION

This Settlement Agreement may be modified only by written agreement of the Parties.

11. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agreed to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

Date: 4/15/19

By: _____
AUDREY DONALDSON

AGREED TO:

Date: 4/19/19

By: _____
President/CEO CORE KITCHEN, CORE HOME and BRUMIS IMPORTS, INC.

ADDENDUM TO SETTLEMENT AGREEMENT BETWEEN AUDREY DONALDSON AND CORE HOME, CORE KITCHEN AND BRUMIS IMPORTS, INC.

On April 19, 2019, Audrey Donaldson ("Donaldson"), on the one hand, and Core Kitchen, Core Home and Brumis Imports, Inc. (collectively referred to hereinafter as "Core"), on the other hand, executed the preceding Settlement Agreement.

Pursuant to Section 3.2 of the Settlement Agreement, on June 19, 2019, the parties appeared for mediation before the Honorable James J. McBride (Ret.) of ADR Services, Inc. in San Francisco, California.

Following mediation, the parties agree that Core shall pay $24,500, by a check made payable to "Voorhees & Bailey, LLP," for all fees and costs incurred in this matter. Payment shall be delivered by a method that ensures receipt by Voorhees & Bailey, LLP on or before June 28, 2019.

This Addendum shall be effective as a full and final accord and satisfaction of all claims or causes of action, for costs, expenses, and/or attorneys' fees of any nature, arising out of the release matters set forth in the Settlement Agreement.

AGREED TO:

Date: June 19, 2019

By: _____

JOSH VOORHEES, PARTNER
VOORHEES & BAILEY, LLP
ATTORNEY FOR AUDREY DONALDSON

AGREED TO:

Date: June 19, 2019

By: _____

ALAN BRAM, PRESIDENT / CEO
CORE KITCHEN, CORE HOME AND BRUMIS IMPORTS, INC.

(For client and self)