

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1. Public Health and Safety Advocates, SEMPIO FOODS COMPANY LTD. And SEMPIO FOOD SERVICES, INC.

This Settlement Agreement is entered into by and between Public Health and Safety Advocates, LLC (“PHSA”) and SEMPIO FOODS COMPANY LTD., SEMPIO FOOD SERVICES, INC. (“SEMPIO”) with PHSA and SEMPIO collectively referred to as the “Parties.” PHSA is a California LLC that is seeking to promote awareness of exposure to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. SEMPIO employs ten or more persons and 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 §§ 25249.5 et seq. (“Proposition 65”).

1.2 General Allegations

PHSA alleges that SEMPIO has manufactured, imported, sold and/or distributed for sale in California “Dried Seaweed” containing lead and cadmium without the requisite Proposition 65 health hazard warnings. On February 27, 1987, the Governor of California added lead to the list of chemicals known to the State to cause developmental toxicity, male reproductive toxicity, and female reproductive toxicity, and on October 1, 1992, the Governor added lead to the list of chemicals known to the State to cause cancer. The above additions took place more than Twelve (12) months before PHSA served the 60-Day Notice of Violation on SEMPIO.

1.3 Product Description

The product that is covered by this Settlement Agreement is defined as: Dried Seaweed, UPC #8801005000611 (“Dried Seaweed”) that is manufactured, imported, sold and/or distributed for sale in California by SEMPIO. The SEMPIO Dried Seaweed shall hereinafter be referred to as “Covered Products.” Lead and Cadmium hereinafter referred to as “Covered Chemicals.”

1.4 Notice of Violation

On March 16, 2020, PHSA served SEMPIO and certain requisite public enforcement agencies with a “60-Day Notice of Violation” Notice # 2020-00673 (“Notice”) that provided the

recipients with notice of alleged violations of Proposition 65 based on SEMPIO's alleged failure to warn its customers, consumers, workers and other individuals that the Covered Product exposed users in California to lead and cadmium, as listed in the Notice. To the best of the Parties' knowledge, no public enforcer has commenced or has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission

SEMPIO denies the material factual and legal allegations contained in PHSA's Notice and maintains that all products that it has manufactured, imported, distributed, and/or sold in California, including the Products, have been and are in compliance with all laws. As used in this Settlement Agreement and Release, the phrase "manufactured, imported, distributed and/or sold in California" shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor that SEMPIO knows will sell the Covered Product in California. Nothing in this Settlement Agreement shall be construed as an admission by SEMPIO 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 SEMPIO of any fact, finding, conclusion, issue of law, or violation of law. However, this section shall not diminish or otherwise affect SEMPIO'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 July 27, 2020.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

2.1 Reformulation Standard

"Reformulated Products" are defined as: Products for which the level of Lead does not exceed 0.5 micrograms per day and the level of Cadmium does not exceed 4.1 micrograms of lead per day. ("Default Reformulation Standard"). For the purposes of this Agreement, the amount of lead a person is exposed to from the Covered Products shall be calculated using the

following formula: micrograms of lead per gram of product, multiplied by grams of product per serving of product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of servings in a recommended dosage appearing on the product label), which equals micrograms of lead exposure per day.

A “Reformulated Product” is one for which the average daily exposure level of Lead does not exceed 0.5 micrograms per day and the level of Cadmium does not exceed 4.1 micrograms of lead per day, as determined by the formula, testing and quality control method described below in Section 2.1.1. As used in this Agreement, “no more than 0.5 micrograms of lead per day and no more than 4.1 micrograms of Cadmium per day” means that the samples of the testing under Section 2.1.1 yield an average daily exposure of no more than 0.5 micrograms of lead per day and no more than 4.1 micrograms of Cadmium per day (with average daily exposure calculated pursuant to Section 2.1.1 of this Agreement), respectively. However, in the event that the California Attorney General determines a different reformulation level to be in the public interest, and sets forth guidelines specifying a maximum level for the Covered Chemicals, the Default Reformulation Standard will be superseded by that standard set by the Attorney General’s office (“Attorney General Standard”), and the Attorney General Standard will become the standard for Reformulated Products.

For the Covered Product that causes exposures in excess of 0.5 micrograms of lead per day , or 4.1 micrograms of Cadmium per day, SEMPIO shall provide the warnings set forth in Section 2.3. For purposes of determining which warning, if any, is required pursuant to Section 2.3, the average concentration utilizing the geometric mean of lead detection results of five (5) samples of the relevant product, randomly selected, by SEMPIO, will be controlling.

2.1.1 Testing and Quality Control Methodology

To the extent that SEMPIO decides to sell Reformulated Covered Product, SEMPIO shall arrange for at least two (2) consecutive years and at least once per year, commencing one year from the Effective Date, for the lead testing of five (5) randomly-selected samples of five separate lots (or the maximum number of lots available if less than five) each year for each Covered Product to confirm whether the exposure to lead from the maximum serving size is more or less than 0.5 micrograms of lead per day or

4.1 micrograms of Cadmium per day. For purposes of this Agreement, average daily exposure levels shall be measured in micrograms per day, and shall be calculated using the following formula: the average concentration of lead in the product in micrograms per gram, multiplied by grams of product per serving of the product (using the serving size appearing on the product label), multiplied by frequency of consumption of once every fourteen (14) days. The testing requirements of this Section 2.1.1 do not apply to any of the Covered Products for which SEMPIO has provided a warning as specified in Section 2.3. Further, SEMPIO is only required to produce information under this section if it is selling Reformulated Covered Products in California.

All testing pursuant to this Agreement shall be performed by an independent third-party laboratory certified by the California Environmental Laboratory Accreditation Program or an independent third-party laboratory that is registered with the United States Food & Drug Administration or other state governmental agency.

Testing for lead shall be performed using Inductively Coupled Plasma-Mass Spectrometry (ICP-MS) achieving a limit of quantification of less than or equal to 0.010 mg/kg or any other testing method agreed upon in writing by the Parties.

2.2 Reformulation or Warning Commitment

As of the Effective Date, all Products sold by, or on behalf of, SEMPIO in the State of California shall be Products that qualify as Reformulated Products as defined in Section 2.1 above, or shall carry appropriate Proposition 65 health hazard warnings as described in Section 2.3 below.

2.3 Clear and Reasonable Warnings

As of the Effective Date, for the Covered Product that does not qualify as Reformulated Products, SEMPIO shall provide clear and reasonable warnings on the Covered Product that it manufactures, distributes, sells, or offers for sale in California. The warnings shall be placed with such conspicuousness and prominent manner that will ensure the message is made available and likely to be read, seen, or heard and understood by an ordinary individual under customary

conditions prior to or at the time of the sale or purchase. Warnings shall be provided in a manner such that the consumer or user understands to which specific Product the warning applies, so as to minimize the risk of consumer confusion. The Parties agree that product labeling stating either

(1): "WARNING: This product contains chemicals known to the State of California to cause cancer, and birth defect or other reproductive harm" shall constitute compliance with Proposition 65 with respect to the Listed Chemicals in the Covered Product, or

(2): "a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline (or where the sign, label or shelf tag for the product is not printed using the color yellow, the symbol may be printed in black and white) which shall be placed to the left of the text of the warning, in a size no smaller than the height of the word "WARNING", followed by the word "WARNING" in all capital letters, in bold print, and either "Reproductive Harm - www.P65Warnings.ca.gov" or "Cancer and Reproductive Harm - www.P65Warnings.ca.gov", as determined by SEMPIO.

3. PAYMENTS

3.1 Civil Penalties Pursuant To Health & Safety Code § 25249.7 (B)

In settlement of all the claims referred to in this Settlement Agreement, SEMPIO has been assessed a total of Two Thousand Five Hundred Dollars (\$2,500) in civil penalties in accordance with this section. Penalty payment will be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) and (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to PHSA.

SEMPIO shall issue two separate checks within ten (10) days of the Effective Date for a total amount of Two Thousand Five Hundred Dollars (\$2,500) as follows and all payments shall be delivered to the addresses listed in Section 3.3 below.

- a. One check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of \$1,875, representing 75% of the total penalty; and
- b. One check made payable to "Public Health and Safety Advocates, LLC." in the amount of \$625, representing 25% of the total penalty.

3.2 Attorneys' Fees and Costs

Nineteen Thousand Five-Hundred dollars (\$19,500) of such payment shall be paid to Law Offices of Danialpour & Associates, as PHSA's attorneys, for reasonable investigation fees, and costs, attorney's fees, and any other cost incurred as a result of investigating and bringing this matter to SEMPIO's attention. The check shall be delivered to Law Offices of Danialpour & Associates, address listed in Section 3.3 below.

3.3 Payment Procedures

All payments owed to OEHHHA, pursuant to Section 3.1, shall be delivered directly to OEHHHA (Memo line "Prop 65 Penalties") at the following address.

Attn: Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

All payments owed to PHSA, pursuant to Section 3.1, shall be delivered directly to:

c/o PHSA
Law Offices of Danialpour & Associates
357 S. Robertson Blvd. STE 400
Beverly Hills, CA 90211

All payments owed to Law Offices of Danialpour & Associates, pursuant to Section 3.1, shall be delivered directly to:

Attn: David D. Danialpour
Law Offices of Danialpour & Associates
357 S. Robertson Blvd. STE 400
Beverly Hills, CA 90211

3.4 Proof of Payment

A copy of each check payable to OEHHHA, as well as proof of delivery of OEHHHA's check, shall be mailed, simultaneous with payment, to Law Offices of Danialpour & Associates at the address set forth in Section 3.3 above, as proof of payment to OEHHHA.

4. AUTHORITY TO ENTER INTO SETTLEMENT AGREEMENT

4.1 PHSA represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind PHSA to this Settlement Agreement.

4.2 SEMPIO represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind SEMPIO to this Settlement Agreement.

5. CLAIMS COVERED AND RELEASED

5.1 PHSA Release of SEMPIO

This Settlement Agreement is a full, final, and binding resolution between PHSA and SEMPIO of any violation of Proposition 65 that was or could have been asserted by PHSA, or on behalf of its past and current agents, representatives and attorneys against SEMPIO its affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom SEMPIO directly or indirectly distributes or sells Products including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members and licensees (“Releasees”), based on their failure to warn about alleged exposures to Lead and Cadmium in Covered Product that were imported, distributed, sold and/or offered for sale by SEMPIO in California before the Effective Date. This release is provided in PHSA individual capacity and is not a release on behalf of the public.

In further consideration of the promises and agreements herein contained, PHSA, on behalf of itself, its past and current agents, representatives and attorneys, hereby waives all of his rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that PHSA may have including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses -- including, but not limited to, investigation fees, expert fees and attorneys’ fees, but exclusive of fees and costs on appeal -- limited to and arising under Proposition 65 with respect to lead and cadmium in SEMPIO’s Dried Seaweed imported, distributed, sold and/or offered for sale by SEMPIO before the Effective Date (collectively “claims”), against SEMPIO and Releasees.

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5.2 SEMPIO's Release of PHSA

SEMPIO, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against PHSA and their attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by PHSA and their attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter or with respect to the Products.

6. REPORT OF THE SETTLEMENT TO THE OFFICE OF THE ATTORNEY GENERAL OF CALIFORNIA

PHSA shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement.

7. EXECUTION IN COUNTERPARTS AND FACSIMILE/EMAIL

This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or Email portable document format (PDF) signature shall be as valid as the original.

8. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (i) personal delivery, (ii) first-class registered or certified mail, return receipt requested; or (iii) overnight courier to any party by the other party at the following designees addresses:

For PHSA:

David Davar Danialpour, Esq.
Law Offices of Danialpour & Associates
357 S. Robertson Blvd. STE 400
Beverly Hills, CA 90211

For SEMPIO:

Yohan Lee, Esq.
Law Offices of Yohan Lee
5681 Beach Blvd. STE 200
Buena Park, CA 90621

9. SEVERABILITY

If any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

10. MODIFICATION

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

11. GOVERNING LAW

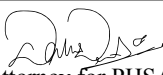
The terms of this Settlement Agreement shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Settlement Agreement are rendered inapplicable or are no longer required as a result of any such repeal or preemption, or rendered inapplicable by reason of law generally as to the Products, then SEMPIO shall provide written notice to PHSA of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected. Nothing in this Settlement Agreement shall be interpreted to relieve SEMPIO from any obligation to comply with any pertinent state or federal law, including all toxic control laws.

12. AUTHORIZATION

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

AGREED TO:

Date: 08/03/2020

By: 
By attorney for PHSA
Public Health and Safety Advocates,
LLC

AGREED TO:

Date: 07/31/2020

By: 
SEMPIO FOOD LTD., SEMPIO FOOD
SERVICES INC.