

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Ecological Alliance, LLC and R.A.B. Food Group, LLC

This Settlement Agreement is entered into by and between Ecological Alliance, LLC ("Ecological"), on the one hand, and R.A.B. Food Group, LLC ("R.A.B."), on the other hand, with Ecological and R.A.B. collectively referred to as the "Parties."

1.2. General Allegations

Ecological alleges that R.A.B. manufactured and distributed and offered for sale in the State of California sardines and sardines in tomato sauce containing Lead, and that such sales have not included warnings pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code sections 25249.6 *et seq.* ("Proposition 65"). California has identified and listed Lead under Proposition 65 as a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

1.3. Product Description

The products that are covered by this Settlement Agreement are defined as all sardines products manufactured by R.A.B., as listed in Exhibit A, that R.A.B. has sold, offered for sale or distributed in California. All such items shall be referred to herein as the "Products."

1.4. Notice of Violation

On September 24, 2020, Ecological served R.A.B. d/b/a Season Brand, Ralphs Grocery Company and on October 16, 2020 served The Manischewitz Company, Stater Bros. Markets, and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with a document entitled "60-Day Notice of Violation" ("Notice") that provided R.A.B. and such public enforcers with notice that R.A.B. was allegedly

in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Products exposed users in California to Lead. To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice.

1.5. No Admission

The Parties enter into this Settlement Agreement to settle disputed claims between them as set forth herein and in the Notice concerning R.A.B.'s compliance with Proposition 65. R.A.B. denies the material factual and legal allegations contained in Ecological's Notice and maintains that all products that it has manufactured for sale and distribution in California, including the Products, have been and are in compliance with Proposition 65 or any other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by R.A.B. of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by R.A.B. of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by R.A.B. on its behalf. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of R.A.B. under this Settlement Agreement.

1.6. Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date this Settlement Agreement is fully executed.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

No more than 90 days after the Effective Date, R.A.B. may, in its sole discretion, either cease shipping, selling, offering for sale or distributing the Products in California, or may ship,

sell, offer for sale, or distribute in California only Reformulated Products, as defined pursuant to Sections 2.1 and 2.1.1 below, unless such Products are labeled with a clear and reasonable Proposition 65 warning pursuant to Section 2.2 below. Products that were sold, supplied or contracted to be supplied to third parties by R.A.B. prior to 90 days after the Effective Date shall be deemed exempted from the requirements of this Section 2 and shall be permitted to be sold through as previously manufactured, packaged and labeled.

2.1. Reformulation Standards

The Products shall be deemed to comply with Proposition 65 with regard to lead and be exempt from any Proposition 65 warning requirements for lead if the Products do not exceed a concentration level of no more than 300 parts per billion ("ppb") lead by weight.

2.1.1. Modification of Reformulation Standards

R.A.B. may utilize any lead reformulation standard or level for the Products that is, after the Effective Date: (i) adopted by the State of California, either by statute or regulation; or (ii) agreed to by the California Attorney General, on behalf of the People of the State of California, in a consent judgment entered by a Superior Court of the State of California. In the event R.A.B. intends to utilize a reformulation standard permitted by this subsection, R.A.B. shall provide Ecological with written notice of the proposed change and the basis therefor.

2.2. Warning Language

Where required, R.A.B. shall provide Proposition 65 warnings on the Product's label as follows:

- (a) R.A.B. may use either of the following warning statements in full compliance with this Section:

- (1) **WARNING:** Consuming this product can expose you to chemicals including Lead, which is known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov
- (2) **WARNING:** Cancer and Reproductive Harm – www.P65Warnings.ca.gov.

(b) The requirements for warnings, set forth in subsection (a) above are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive methods of providing a warning under Proposition 65 and its implementing regulations.

(c) If Proposition 65 warnings for Lead should no longer be required, R.A.B. shall have no further obligations pursuant to this Settlement Agreement.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE SECTION 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement and because it previously began to implement Proposition 65 warnings for the Products, R.A.B. shall pay a total of \$2,000 in civil penalties in accordance with this Section. The penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (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 Ecological. Ecological's counsel shall be responsible for delivering OEHHA's portion of any penalty payment made under this Settlement Agreement.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to Ecological and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, R.A.B. shall reimburse Ecological's counsel for fees and costs, incurred as a result of investigating and bringing this matter to R.A.B.'s attention. R.A.B. shall pay Ecological's counsel \$33,000 for all attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice.

5. PAYMENT INFORMATION

Within seven (7) days of the Effective Date, R.A.B. shall make a total payment of Thirty-Five Thousand Dollars (\$35,000) for the civil penalties and attorney's fees / costs by wire transfer to Plaintiff's counsel Custodio & Dubey LLP:

Bank: Bank of America, N.A.

Routing No.: 026009593

Account No.: 325104702031

Beneficiary: Custodio & Dubey LLP

Other than this payment, each side is to bear its own attorneys' fees and costs.

6. RELEASE OF ALL CLAIMS

6.1. Release of R.A.B., Downstream Customers and Upstream Vendors

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Ecological, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Products, 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) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against (a) R.A.B., (b) each of R.A.B.'s downstream distributors (including but not limited to Ralphs Grocery Company & Stater Bros. Markets), wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users, (c) R.A.B.'s parent companies, corporate affiliates, subsidiaries, doing business as entities ("DBAs"), heirs, assigns and successor in interest, predecessor companies, and their respective officers, directors, attorneys, representatives, shareholders, agents, subsidiaries, divisions, affiliates, franchisees, licensees, and employees, and sister and parent entities, and (d) any third-party re-seller(s) who sold, offered for sale or distributed the Products in California, whether such actions were authorized by R.A.B. or unauthorized (collectively "Releasees").

Ecological also, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and *not* in its representative capacity, provides a general release herein 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 any nature, character or kind, known or unknown, suspected or unsuspected, against R.A.B. and the Releasees. Ecological acknowledges that it is familiar with California Civil Code section 1542, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Ecological, in its capacity only, and on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of California 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 that it may lawfully waive such rights or benefits pertaining to the released matters.

6.2. R.A.B.'s Release of Ecological

R.A.B. waives any and all claims against Ecological, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Ecological and its 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 Products.

7. 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 R.A.B. shall have no further obligations pursuant to this Settlement Agreement.

8. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by:

(i) electronic mail; or (ii) overnight courier on any party by the other party at the following addresses:

For R.A.B.:

Caitlin C. Blanche, Esq.
K&L Gates LLP

1 Park Plaza
Twelfth Floor
Irvine, CA 92614

For Ecological: Vineet Dubey, Esq.
Custodio & Dubey LLP
448 S. Hill St., Suite 615
Los Angeles, CA 90013

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

9. COUNTERPARTS; FACSIMILE/E-SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or e-signatures, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

10. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)

Ecological agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

11. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

12. MODIFICATION

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

13. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their

respective Parties and have read, understood and agree to all of the terms and conditions of this Settlement Agreement.



<p style="text-align: center;">AGREED TO:</p> <p>Date: January <u>22</u> 2021</p> <p>By:  On Behalf of Ecological Alliance, LLC</p>	<p style="text-align: center;">AGREED TO:</p> <p>Date: January <u>23</u> 2021</p> <p>By:  On Behalf of R.A.B. Food Group, LLC</p>
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Exhibit A

ITEM ID	ITEM NAME
46670-31701	SPROUTS SARDINES IN WATER, NO SALT ADDED 12/4.375 OZ
46670-31702	SPROUTS SARDINES IN PURE OLIVE OIL 12/4.375 OZ.
46670-51553	SPROUTS SKNLS & BNLS SARDINES OLIVE OIL 12/4.375 OZ
70303-01020	SSN SARDINES IN WATER 12/4.375 OZ
70303-01023	SSN VALUE SARDINE IN HOT SAUCE 12/4.375 OZ
70303-01058T	SSN BNLS & SKNLS SARDINE in OLIVE OIL 5/5/3.75oz CLUB PACK
70303-02200	SSN BRISLING SARDINES IN EVOO 2 LAYER 12/3.75 OZ
70303-02203-12	SSN SKNLS & BNLS SARDINE IN OIL 12/3.75 OZ
70303-02205	SSN SKNLS & BNLS SARDINE IN WATER 12/3.75 OZ
70303-02206	SSN SKNLS & BNLS SARDINE IN WATER NO SALT 12/4.25 OZ
70303-02207	SSN SARDINES IN TOMATO 12/4.375 oz
70303-02208	SSN SARDINES IN OIL 12/4.375 oz
70303-02210	SSN BRISLING SARDINES IN TOMATO 12/3.75 OZ
70303-02211	SSN BRISLING SARDINES IN WATER 12/3.75 OZ
70303-02212	SSN BRISLING SARDINES IN WATER NO SALT 12/3.75 OZ
70303-02214	SSN BRISLING SARDINES IN EVOO 1 LAYER 12/3.75 OZ
70303-02216-12	SSN SKNLS & BNLS SARDINES 12/4.375 OZ
70303-02216M	SSN CLUB SKNLS&BNLS SARD.OLIVE OIL 6/6/4.375 oz.
70303-02226	SSN SARDINES IN SRIRACHA SAUCE 12/4.25 oz.
70303-02229	SSN SARDINES IN WATER NO SALT 12/4.375 oz
70303-02235	SSN TOMATO SARDINES - OVAL 24/15 OZ
70303-02245	SSN CROSSPACK SARDINES 12/3.75 OZ
70303-02250	SSN VALUE SARDINES IN SUNFLOWER OIL 12/4.375OZ
70303-02252	SSN VALUE SARDINES IN WATER 12/4.375 OZ
70303-02253	SSN SARDINES WITH SEMI SUN DRIED TOMATOES 12/ 4.40 OZ
70303-02255	SSN SARDINES IN GARLIC & PARSELY 12/4.40 OZ
70303-02266	SSN SWEET AND SPICY SARDINE SALAD WITH CRACKER 6 PACK
70303-02282	SSN SARDINE SALAD W/ CRACKER SHIPPER 54 PACK 17LBS
70303-02294	SSN SKNLS & BNLS SARDINES IN OIL NO SALT 12/4.375 oz
70303-02316	SSN SKNLS & BNLS SARDINES IN TOMATO SAUCE 12/4.375 oz
70303-02317	SSN VALUE SARDINES IN TOMATO SAUCE 12/4.375 OZ
70303-02486	SSN SKNLS & BNLS SARDINE DISPLAY 72/4.375 oz
70303-07000	SSN ORGANIC EVVO SARDINES 12/4.375 oz
70303-07001	SSN ORGANIC EVVO SKINLESS BONELESS SARDINES 12/4.375 oz