

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Ecological Alliance, LLC and Filbur Manufacturing LLC

This Settlement Agreement is entered into by and between Ecological Alliance, LLC ("Ecological"), on the one hand, and Filbur Manufacturing LLC ("Filbur"), on the other hand, with Ecological and Filbur referred to individually as a "Party," and collectively as the "Parties."

1.2. General Allegations

Ecological alleges that Filbur, A. O. Smith Corporation ("A. O. Smith"), and Lowe's Home Centers, LLC ("Lowe's") manufactured and/or distributed and/or offered for sale in the State of California strap wrenches containing Di-n-butyl Phthalate ("DBP"), 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 DBP under Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm. Filbur denies Ecological's allegations.

1.3. Product Description

The products that are covered by this Settlement Agreement are defined as strap wrenches containing DBP, that were manufactured by a company affiliated with Filbur, and which Filbur has distributed, and which have been sold, offered for sale or distributed in California. All such items shall be referred to herein as the "Products."

1.4. Notice of Violation

Ecological on December 3, 2020, served A. O. Smith, Lowe's, and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the

State of California with documents entitled "60-Day Notice of Violation" ("Notice") that provided A. O. Smith, Lowe's, and such public enforcers with notice that A. O. Smith and Lowe's were 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 DBP. A. O. Smith and Lowe's have tendered their defense and indemnity in connection with the matters raised in the Notice to Filbur. To 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 Filbur's, A. O. Smith's, or Lowe's compliance with Proposition 65. Specifically, Filbur 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 and all other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by Filbur 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 Filbur of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Filbur. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Filbur 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: WARNING

2.1. Warning

Products shall be accompanied by a warning as described in Section 2.2 below, no later than 90 days after the Effective Date. The warning requirements set forth in Section 2.2 below shall apply only to Products that are distributed, marketed, sold or shipped for sale in the State of California. The Parties agree that Products shall be accompanied by a warning as described in Section 2.2 below unless the Product contains no more than 1,000 parts per million DBP. Products with less than 1,000 parts per million DBP shall be considered compliant with Proposition 65. The warning requirement shall not apply to Products that are already in the stream of commerce as of the Effective Date, or Products that Filbur, A. O. Smith, or Lowe's place into the stream of commerce within 90 days of the Effective Date.

2.2. Warning Language

Where required, Filbur shall provide Proposition 65 warnings for the Products as follows:

(a) Filbur may use any of the following warning statements in full compliance with this Section:

(1) **WARNING:** This product can expose you to chemicals including Di-N-Butyl Phthalate (DBP), which is known to the State of California to cause birth defects or other reproductive harm. For more info go to www.P65Warnings.ca.gov.

(2) **WARNING:** Reproductive Harm – www.P65Warnings.ca.gov.

(b) If Filbur elects to use the warning statements identified in either 2.2(a)(1) or (2), it may also include a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. 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. The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word "WARNING".

(c) 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.

(d) If Proposition 65 warnings for DBP should no longer be required, Filbur 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, Filbur shall pay to Ecological a total of \$1,000 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 Ecological remitting 75% of the funds to the California Office of Environmental Health Hazard Assessment ("OEHHA") and retaining the remaining 25% of the penalty. 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, Filbur shall reimburse Ecological's counsel for fees and costs, incurred as a result of

investigating and bringing this matter to Filbur's attention. Filbur shall pay Ecological's counsel \$17,000 for all attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice.

5. PAYMENT INFORMATION

Within 30 days after the full execution and delivery of this Settlement Agreement and delivery to Filbur's counsel of a completed and signed Internal Revenue Service Form W-9 from Ecological's counsel Custodio & Dubey LLP, Filbur shall make a total payment of Eighteen Thousand Dollars (\$18,000) for the civil penalties and attorney's fees / costs by wire transfer or check 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 Filbur, A. O. Smith, Lowe's, Downstream Distributors 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 related to the Products, and releases any and 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, testing fees, and attorneys' fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against Filbur, A. O. Smith, Lowe's, and each of their respective distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users, attorneys, parent companies, corporate affiliates (including without limitation Kemflo International Co., Ltd.), subsidiaries, predecessors-in-interest principals, representatives, successors-in-interest, transferees, trustees, insurers and sureties, and all of their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively "Releasees").

Ecological also, in its capacity, 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 Filbur 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. Filbur's Release of Ecological

Filbur waives any and all claims against Ecological, its attorneys and other representatives, for any and all actions taken or statements 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, but shall exclude California's conflict of laws statutes if those statutes require the application of non-California law. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Filbur 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) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

For Filbur: Sean M. Sherlock
Snell & Wilmer L.L.P.
600 Anton Boulevard, Suite 1400
Costa Mesa, California 92626

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 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). Ecological shall, within 30 days of the Effective date, provide proof to Filbur that Ecological has complied with this requirement.

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. ATTORNEYS' FEES

In the event either Party brings a lawsuit, action, or other proceeding to enforce this Settlement Agreement or otherwise resolve or seek a remedy for any dispute that may arise under this Settlement Agreement, the prevailing party in such lawsuit, action, or other proceeding shall be entitled to recover its reasonable attorneys' fees incurred in the lawsuit, action, or other proceeding, in addition to its costs and all other relief to which it may be entitled.

14. 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.

AGREED TO:	AGREED TO:
Date: March <u>16</u> , 2021	Date: March <u>18</u> , 2021
By: <u>[Signature]</u>	By: <u>Lydia Kang</u>
Name: Harmony Welsh	Name: Lydia Kang
Its: <u>Managing Member</u>	Its: VP/General Manager
On Behalf of Ecological Alliance, LLC	On Behalf of Filbur Manufacturing LLC