

PROPOSITION 65 SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Settlement Agreement (“Agreement”) is entered into by and between Keep America Safe & Beautiful (“KASB”) and Lippert Components, Inc. (“LCI”), with KASB and LCI each individually referred to as a “Party” and collectively, as the “Parties.” KASB is a California-based non-profit organization proceeding in the public interest pursuant to California Health & Safety Code § 25249.7(d) to ensure that chemicals known to the State of California to cause cancer, birth defects or other reproductive harm are disclosed in or eliminated from consumer products sold in California. LCI is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b). LCI enters this Agreement to resolve claims alleged by KASB against Curt Manufacturing, LLC (“Curt”) a wholly owned subsidiary of LCI.

1.2 Consumer Product Description

KASB alleges LCI and/or Curt manufacture, import, sell and distribute for sale to consumers in California (i) tools with vinyl/PVC grips bearing the Curt brand that contain di(2-ethylhexyl) phthalate (“DEHP”) including, but not limited to, 1/2” Clevis Pin & Clip, 7.500 lb Cap., Item Model No. 45805, UPC 6 12314 04652 2, ASIN: B07WZPTLQ9, and (ii) Curt brand bike beam attachments containing DEHP including, but not limited to, Allows Bike Beam Rack with Angled Frame Bicycles, Model No. 18016, without providing the health hazard warning KASB alleges is required by California Health & Safety Code §§ 25249.5 et seq. (“Proposition 65”).¹ The (1) 1/2” Clevis Pin & Clip, 7.500 lb Cap., Item Model No. 45805, UPC 6 12314 04652 2, ASIN: B07WZPTLQ9 and (2) Allows Bike Beam Rack with Angled Frame Bicycles, Model No. 18016 are referred to hereinafter as “Curt-Branded Products.” Curt denies the allegations.

1.3 Notices of Violation

¹ DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

On February 18, 2021, KASB served Curt, the California Attorney General and all requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), alleging Curt violated Proposition 65 by failing to warn its customers and consumers in California that the grips of Vinyl/PVC Tools sold by Curt can expose users to DEHP. On August 3, 2021, KASB served Curt, the California Attorney General and the requisite public enforcement agencies with a Supplemental 60-Day Notice of Violation (“Supplemental Notice”), alleging Curt violated Proposition 65 by failing to warn its customers and consumers in California that Curt’s Bike Beam attachments can expose users to DEHP. The Notice and Supplemental Notice are collectively referred to hereinafter as the “Notices.” LCI enters this Agreement to resolve KASB’s claims against Curt on its subsidiary’s behalf. No public enforcer has commenced or is diligently prosecuting an action to enforce the allegations in the Notices.

1.4 No Admission

Curt and LCI deny the factual, and legal allegations contained in the Notices, and maintain that all of the products Curt sold or distributed for sale in California, including the Curt-Branded Products, comply with all laws. No term of this Agreement, nor Curt or LCI’s compliance with this agreement, shall be deemed an admission by LCI or Curt of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect Curt and LCI’s obligations, responsibilities, and duties under this Agreement.

1.5 Effective Date

For purposes of this Agreement, “Effective Date” shall mean the date by which the Agreement is fully executed by the Parties.

2. INJUNCTIVE RELIEF: REFORMULATION OR WARNINGS

2.1 Reformulation Commitment

Commencing on the Effective Date and continuing thereafter, all Curt-Branded Products that LCI and/or Curt manufacture, import, or purchase for sale to consumers in California, shall meet the Reformulation Standard for Reformulated Products defined by Section 2.2, below, or comply with the clear and reasonable warning requirements of Section 2.3, below.

2.2 Reformulation Standard

For purposes of this Agreement, “Reformulated Products” are defined as Curt-Branded Products which contain di(2-ethylhexyl) phthalate (“DEHP”), in a maximum concentration of 0.1 percent (1,000 parts per million) when analyzed by a laboratory accredited by the State of California, a federal agency, a nationally recognized accrediting organization pursuant to Consumer Product Safety Commission (“CPSC”) methodology CPSC-CH-C1001.09.3, U.S. Environmental Protection Agency methodology 8270D, or, at the option of LCI or Curt, equivalent methodologies utilized by federal or state government agencies to determine phthalate content in a solid substance.

2.3 Clear and Reasonable Warnings

For Curt-Branded Products that are not Reformulated Products, LCI and/or Curt shall provide clear and reasonable warnings in accordance with this Section pursuant to Title 27 California Code of Regulations § 25600, et seq. Each warning shall be prominently placed with such conspicuousness as 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 before purchase or use and shall be provided in a manner such that it is clearly associated with the specific Product to which the warning applies.

(a) **Warning.** The Warning shall consist of the following statement:

⚠WARNING: This product can expose you to chemicals including di(2-ethylhexyl) phthalate [DEHP], which is known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov.

(b) **Short-Form Warning.** Encased may, but is not required to, use the following short-form warning as set forth in this subsection 2.3(b) (“Short-Form Warning”), and subject to the additional requirements in Sections 2.5 and 2.6, below, as follows:

WARNING: Reproductive Harm – www.P65Warnings.ca.gov.

(c) **Foreign Language Requirement.** Where a consumer product sign, label or shelf tag used to provide a warning includes consumer information, as that term is defined in Title 27

California Code of Regulations § 25600.1(c) (“Consumer Information”), in language(s) other than English, the warning must also be provided in the other language(s) in addition to English.

2.4 Product Warnings

LCI and/or Curt shall affix a warning to the Curt-Branded Product label or otherwise directly on Curt-Branded Products provided for sale to consumers located in California and to customers with retail outlets in California or nationwide distribution. For the purpose of this agreement, “Product label” means a display of written, printed or graphic material printed on or affixed to each Curt-Branded Product or its immediate container or wrapper. A warning provided pursuant to section 2.3(a) or (b) must print the word “**WARNING:**” in all capital letters and in bold font. The warning symbol to the left of the word “**WARNING:**” must be a black exclamation point in a yellow equilateral triangle with a black outline, except if the labeling does not use the color yellow, the symbol may be in black and white. The entire warning shall appear in at least 6-point type and no smaller than the largest type size used for other consumer information on Curt-Branded Products.

2.5 Internet Warnings

If, after the Effective Date, Curt and/or LCI sell Curt-Branded Products other than Reformulated Products via the internet, through their own website(s), affiliated websites or a third-party website, to consumers located in California or to customers with retail outlets in California, nationwide distribution or e-commerce websites, Curt and/or LCI shall provide warnings for each Curt-Branded Product both on the Curt-Branded Product label in accordance with Section 2.4, and by prominently displaying, or requiring the warning to be prominently displayed on affiliated websites, third-party websites or by retail customers, to the consumer during the purchase of the Curt-Branded Product without requiring customers to seek out the warning. The warning or a clearly marked hyperlink to the warning using the word “**WARNING**” given in conjunction with the sale of Curt-Branded Products via the internet shall appear either: (a) on the same web page on which Curt-Branded Products are displayed; (b) on the same web page as the virtual cart displaying the Curt-Branded Products; (c) on the same page

as the price for Curt-Branded Products; or (d) on one or more web pages displayed to a purchaser during the checkout process. The warning shall appear in any of the above instances adjacent to or immediately following the display, description or price of the Curt-Branded Product for which it is given in the same type size or larger than other consumer information provided for the Curt-Branded Product. For third-party websites, as a condition of sale, Curt and/or LCI shall notify the sellers the Products must be accompanied by a warning, prior to and as a condition of sale, in or into California, and shall supply the warning requirements, pursuant to this Section 2.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payment

Pursuant to Health and Safety Code § 25249.7(b), LCI agrees to pay a civil penalty of \$6,000.00 within fifteen (15) business days of the Effective Date. LCI's civil penalty payment will be allocated according to Health and Safety Code §§ 25249.12(c)(1) and (d), with seventy-five percent (75%) of the penalty paid to the California Office of Environmental Health Hazard Assessment ("OEHHA"), and the remaining twenty-five percent (25%) retained by KASB. LCI shall issue its payment in two checks made payable to: (a) "OEHHA" in the amount of \$4,500.00; and (b) "Keep America Safe & Beautiful" in the amount of \$1,500.00. KASB's counsel shall deliver to OEHHA and KASB their respective portion of the penalty payment.

3.2 Reimbursement of Attorneys' Fees and Costs

After the Parties finalized all other material settlement terms, they negotiated LCI's reimbursement of a portion of KASB's attorneys' fees and costs to be paid to KASB's counsel, under general contract principles and the private attorney general doctrine, codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution and reporting of this Agreement to the Office of the California Attorney General. Within fifteen (15) business days of the Effective Date, LCI agrees to issue a check for \$32,500.00 payable to "Seven Hills LLP" for all fees and costs incurred investigating, bringing this matter to Curt and LCI's attention, negotiating a settlement in the public interest, and reporting its terms to Office of the California Attorney General pursuant to Section 9, below.

3.3 Payments

All payments payable and due under this Agreement shall be delivered to KASB's counsel at following address:

Seven Hills LLP
Attn: Laralei Paras
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

4. CLAIMS COVERED AND RELEASED

4.1 KASB's Release of LCI and Curt

This Agreement is a full, final and binding resolution between KASB, acting on its own behalf and in the public interest, LCI, and Curt, of any violation of Proposition 65 that was or could have been asserted by KASB on its own behalf or on behalf of its past and current agents, representatives, attorneys, successors, and/or assignees, against Curt and/or LCI and either of their respective past and present parents, subsidiaries, affiliated entities under common ownership, members, directors, officers, shareholders, employees, attorneys, and each entity to whom LCI and/or Curt directly or indirectly distributes or sells Curt-Branded Products, including, but not limited, their respective downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees including (collectively, "Releasees"), based on the alleged or actual failure to warn about exposures to DEHP in Curt-Branded Products manufactured, distributed, sold and/or offered for sale by LCI and/or Curt in California before the Effective Date, as alleged in the Notices.

In further consideration of the promises and agreements herein contained, KASB as an individual and *not* on behalf of the public, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, waives all claims and rights it has or may have to institute or participate in, directly or indirectly, any form of legal action and releases all claims that KASB 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 exclusively, investigation fees, expert fees, and attorneys' fees arising

under Proposition 65 with respect to DEHP in Curt-Branded Products manufactured, distributed, sold and/or offered for sale by LCI, Curt, and Releasees before the Effective Date.

The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any entity that manufactured Curt-Branded Products or any component parts thereof, or any distributor or supplier who sold Curt-Branded Products or any component parts thereof to Curt and/or LCI. Nor shall this Section 4.1 release extend downstream to any individual or entity Curt and/or LCI ask to provide a warning for Curt-Branded Products pursuant to Section 2.5, above and who fails to do so. Nothing in this Section affects KASB's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Curt-Branded Products.

4.2 Curt' Release of KASB

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

5. SEVERABILITY

If, subsequent to the execution of this Agreement, any provision of this 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 Agreement shall be governed by the laws of the State of California and apply within California. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or as to Curt-Branded Products, then LCI and/or Curt may provide KASB with written notice of any asserted change in the law, and shall have no further injunctive obligation pursuant to this Agreement, with respect to, and to the extent

that, the Products are so affected. Nothing in this Agreement shall be interpreted to relieve LCI from its obligation to comply with any applicable state or federal law or regulation.

7. NOTICE

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

For Curt:

Kelly Stanley, Director
Legal Affairs, Litigation & Compliance
Lippert Components, Inc.
4100 Edison Lakes Parkway, Suite 210
Mishawaka, IN 46545

For KASB:

Laralei Paras, Partner
Seven Hills LLP
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

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

8. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES

This Agreement may be executed in counterparts and by 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 REPORTING REQUIREMENTS

KASB and its counsel agree to comply with the reporting form requirements referenced in California Health and Safety Code § 25249.7(f).

10. ENTIRE AGREEMENT

This Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all prior discussions, negotiations, commitments, or understandings related hereto, if any, are merged herein. No warranty, representation or other agreement exists between the Parties except as expressly set forth herein. No representation, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by any Party. No other agreement not specifically contained herein shall be deemed to exist or to bind either of the Parties.

11. **MODIFICATION**

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

12. **AUTHORIZATION**

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

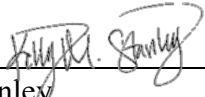
AGREED TO:

AGREED TO:

Date: 09/05/2024

Date: 08/28/2024

By: 
Lance Nguyen, CEO
KEEP AMERICA SAFE AND
BEAUTIFUL

By: 
Kelly Stanley
Director Legal Affairs, Litigation & Compliance
LIPPERT COMPONENTS, INC.