

PROPOSITION 65 SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Settlement Agreement (“**Agreement**”) is entered into by and between Keep America Safe and Beautiful (“**KASB**”) and Ameziel Inc. dba Songmics (“**Ameziel**”), with KASB and Ameziel each, individually, referred to as a “**Party**” and, collectively, 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. KASB alleges Ameziel is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b).

1.2 Consumer Product Description

KASB alleges Ameziel manufactures, imports, sells, and distributes for sale in California hangers containing di(2-ethylhexyl) phthalate (“**DEHP**”) including, but not limited to, the *SONGMICS 20 Pack Pants Hangers, Open Ended Easy Slide Trouser Organizers, Non-Slip, Black, Model#: UCRI004-20, ASIN: B01IR6UVES*, without providing the health hazard warning KASB alleges is required by California Health & Safety Code § 25249.5 *et seq.* (“**Proposition 65**”). Hangers are referred to, hereinafter, as the “**Products**.” DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

1.3 Notice of Violation

On September 3, 2021, KASB served Ameziel, Amazon.com, Inc., the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“**Notice**”), alleging Ameziel violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to DEHP. No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notice.

1.4 No Admission

Ameziel denies the factual and legal allegations contained in the Notice and maintains all products it sold or distributed for sale in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Agreement shall constitute or be construed as, nor shall compliance with this Agreement constitute or be construed as, an admission by Ameziel of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect Ameziel's obligations, responsibilities, and duties under this Agreement.

1.5 Effective Date

For purposes of this Agreement, "**Effective Date**" shall mean February 17, 2023.

2. INJUNCTIVE RELIEF: REFORMULATION & WARNINGS

2.1 Commitment to Reformulate or Warn

Commencing on the Effective Date and continuing thereafter, all Products Ameziel manufactures, imports, sells, ships, or distributes for sale in or into California, directly, through one or more third party retailers or through e-commerce marketplaces, shall be either: (a) Reformulated Products in compliance with the standard set forth at Section 2.2; or (b) Products bearing a clear and reasonable health hazard warning, pursuant to the following Sections 2.3 through 2.5.

2.2 Reformulated Products & Reformulation Standard Defined

For purposes of this Agreement, "Reformulated Products" are defined as Products which, if they contain di(2-ethylhexyl) phthalate ("DEHP"), di-n-butyl phthalate ("DBP"), diisononyl phthalate ("DINP"), butyl benzyl phthalate ("BBP"), di-isodecyl phthalate ("DIDP") or di-n-hexyl phthalate ("DnHP"), contain any or all such chemicals each in a maximum concentration of less than 0.1 percent (1,000 parts per million) in any accessible component (i.e., any component a consumer would handle during a reasonably foreseeable use) when analyzed by a laboratory accredited by the State of California, a federal agency, or a nationally

recognized accrediting organization (“Reformulation Standard”). For purposes of compliance with this Reformulation Standard, testing samples shall be prepared and extracted using Consumer Product Safety Commission (“CPSC”) methodology CPSC-CH-C1001.09.4 and analyzed using U.S. Environmental Protection Agency methodology 8270D, or other methodologies utilized by federal or state government agencies to determine phthalate content in a solid substance.

2.3 Clear and Reasonable Warnings

Commencing on or before the Effective Date, Ameziel shall provide clear and reasonable warnings for all Products Ameziel manufactures, imports, distributes, sells, and/or offers for sale in or into California that are not Reformulated Products or do not meet the Reformulation Standard. 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 prior to purchase or use and shall be provided in such a manner as to clearly associate the warning with the specific Product to which it applies. Each warning shall consist of either the Warning or Short-Form Warning described in §§ 2.3(a) or (b), respectively (language in brackets optional.) The warning shall consist of the following statement:

▲ [California Prop 65] **WARNING:** This product can expose you to chemicals including Di(2-ethylhexyl) phthalate (DEHP), which are 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.

2.4 On-Product Warnings: Placement & Requirements

For all Products that Ameziel manufactures, distributes, sells, or otherwise offers for sale, in or into California after the Effective Date that are not Reformulated Products, Ameziel shall supply warnings, in compliance with the preceding Section 2.3, affixed to or printed directly on the Product itself, its packaging, container, or labeling. The warning shall be , displayed with such conspicuousness, as compared with other words, statements, or designs, as to render it reasonably likely to be read and understood by an ordinary individual under

customary conditions of purchase or use, such that the consumer does not have to search for it.

The warning may be contained in the same section of the packaging, container, or labeling where other safety warnings are printed, if any, concerning the use of the Product and shall be at least the same size as those other safety warnings. Any warning given pursuant to this Section must print the word “**WARNING:**” in all capital letters and in bold font, followed by a colon. 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, then the symbol may be in black and white. The symbol must be in a size no smaller than the height of the word “**WARNING:**”. The entire warning shall appear in a type size of at least 6-point font and, in no event, shall the warning be smaller than the type size used for other consumer information on the product. The warning shall consist of either the Warning or the Short-Form Warning, as set forth above.

2.5 Internet Warnings: Placement & Requirements

If, after the Effective Date, Ameziel sells Products that are not Reformulated Products via the internet directly through its own website, or through third-party or ecommerce sites to customers located in California or through its own webs, then Ameziel shall provide warnings for each such Product, both on the Product, in compliance with Section 2.4, and by prominently displaying the warning to the customer during the Product purchase process or prior to completing the Product purchase without requiring customers to seek out the warning.

The warning or a clearly marked hyperlink to the warning and using the word “**WARNING**”, given in conjunction with the sale of the Products via the internet, shall appear: (a) on the same web page where the Product is displayed; (b) on the same page as the Product price; or (c) on one or more web pages displayed to a purchaser during the checkout process. Alternately, a symbol consisting of a black exclamation point in a yellow or white equilateral triangle may appear adjacent to or immediately following the display, description, price, or checkout listing of the Product, if the warning statement appears elsewhere on the same web page in a manner that clearly associates it with the product(s) to which the warning applies.

Ameziel may use the Short-Form Warning for internet Product sales, if the warning provided on the Product label is also the Short-Form Warning.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalties

Pursuant to Health and Safety Code § 25249.7(b), Ameziel agrees to pay a civil penalty of \$3,000 within five (5) business days of the Effective Date. Ameziel'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. AMEZIEL shall issue its payment in two checks made payable to: (a) "OEHHA" in the amount of \$2,250; and (b) "Keep America Safe and Beautiful" in the amount of \$750. KASB's counsel shall deliver to OEHHA and KASB their respective portions of the civil penalties.

3.2 Reimbursement of Attorneys' Fees and Costs

KASB and its counsel offered to resolve the allegations in the Notice without reaching terms on the amount of reimbursement of attorneys' fees and costs. Shortly after the Parties finalized the other material settlement terms, they negotiated and reached an accord on the amount of reimbursement 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 five (5) days of the Effective Date, Ameziel agrees to issue a check in the amount of \$20,000 payable to "Seven Hills LLP" for all fees and costs incurred in investigating, bringing this matter to Ameziel's attention, negotiating a settlement in the public interest, and reporting its terms to Office of the California Attorney General, pursuant to Section 9.

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: Kimberly Gates Johnson
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

4. CLAIMS COVERED AND RELEASED

4.1 KASB's Release of Ameziel

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

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, hereby waives all of KASB's rights 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 Products manufactured, distributed, sold and/or offered for sale by Ameziel, before the Effective Date (collectively, "**Claims**"), against Ameziel and Releasees.

The Parties further understand and agree 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 Ameziel. Nothing in this Section affects KASB's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Ameziel's Products.

4.2 Ameziel's Release of KASB

Ameziel, on behalf of itself, its past and current agents, representatives, attorneys, 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 the 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 Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Ameziel may provide KASB with written notice of any asserted change in the law, and shall have no further injunctive obligations 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 Ameziel from its obligation to comply with any pertinent 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 Ameziel:

For KASB:

Ketao Huang, CEO
Ameziel Inc. dba Songmics
4215 E. Airport Dr.
Ontario, CA 91761

Kimberly Gates Johnson, Partner
Seven Hills LLP
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

With a copy to:

Garth Ward, Esq.
Lewis Brisbois
550 West C Street, Suite 1700
San Diego, CA 92101

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 any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto.

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 Parties and have read, understood, and agreed to all of the terms and conditions of this Agreement.

AGREED TO:

Date: 02/17/2023



By: _____

My Nguyen, CFO
Keep America Safe and Beautiful

AGREED TO:

Date: 02/17/2023



By: _____

Ketao Huang, CEO
Ameziel Inc. dba Songmics