

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Settlement Agreement (“Settlement Agreement”) is entered into by and between Safe Products for Californians Inc. (“SPFC”) and Apothekary Inc. (“Apothekary”) with SPFC and Apothekary collectively referred to as the “Parties.” SPFC is a limited liability California company with its principal place of business within the State of California, County of Santa Clara, who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. SPFC alleges, and, for purposes of this settlement only, Apothekary does not dispute, that Apothekary 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 sections 25249.5 *et seq.* (“Proposition 65”).

1.2 General Allegations

SPFC alleges that Apothekary manufactures, imports, sells and/or distributes for sale in California products containing lead and lead compounds, and that it does so without providing the health hazard warning that SPFC alleges is required by Proposition 65. Lead and lead compounds are listed pursuant to Proposition 65 as chemicals known to the state of California to cause reproductive toxicity at the levels alleged by SPFC to be present in the products.

1.3 Product Description

The products that are covered by this Settlement Agreement are identified in SPFC’s Notice of Violation as Apothekary Dietary Supplements, consisting of: “Do not disturb – Signature Superfood Blend,” UPC # 7-14334-21948-8; “Better than Botox – Signature Superfood Blend,” UPC # 8-60000-85484-9; “Follow your gut – Signature Superfood Blend,” UPC # 8-60000-85488-7; “Seal the deal – Signature Superfood Blend,” UPC # 8-60002-52100-8; and “Slay the day – Signature Superfood Blend,” UPC # 8-60000-85418-8, that are manufactured, imported,

distributed, sold and/or offered for sale by Apothekary and/or its customers in the state of California, hereinafter the “Covered Products.”

1.4 Notice of Violation

On or about October 6, 2021, SPFC served Apothekary, and certain requisite public enforcement agencies, with a 60-Day Notice of Violation (“Notice”), alleging that Apothekary violated Proposition 65 when it allegedly failed to warn its customers and consumers in California that the Covered Products allegedly expose users to lead and lead compounds. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Apothekary denies the material, factual and legal allegations contained in the Notice and maintains that, to the best of its knowledge, all products that it has manufactured, imported, sold and/or distributed for sale in California, including the Covered Products, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Apothekary of any fact, finding, and issue of law or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Apothekary of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Apothekary. This section shall not, however, diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean one year from the date on which this document has been signed by all Parties.

2. REFORMULATION, TESTING AND WARNINGS

2.1 Product Removal

As of the Effective Date, Apothekary shall be permanently enjoined from manufacturing for sale in the State of California, “Distributing into the State of California,” or directly selling in

the State of California, any Covered Products manufactured after the Effective Date which expose a person to a “Daily Lead Exposure Level” of more than 0.5 micrograms of lead per day, unless it meets the warning requirements under section 2.3.

2.1.1 As used in this Settlement Agreement, the term “Distributing into the State of California” shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor Apothekary knows or has reason to know will sell the Covered Products in California.

2.1.2 For purposes of this Settlement Agreement, the “Daily Lead Exposure Level” shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per gram of product, multiplied by grams of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of recommended daily servings appearing on the label), which equals micrograms of lead exposure per day. If the label contains no recommended daily servings, then the number of recommended daily serving shall be one.

2.2 Reformulated Covered Products

Reformulated Covered Products are Covered Products manufactured after the Effective date for which the “Daily Lead Exposure Level” is no greater than 0.5 micrograms of lead per day.

2.3 Clear and Reasonable Warnings


For any Covered Products manufactured after the Effective Date that do not qualify as Reformulated Covered Products and are directly sold or offered for sale in California by Apothekary after the Effective Date, Apothekary shall only sell or offer said non-reformulated Covered Products for sale in California when accompanied with one of the following warnings:

OPTION 1:

WARNING: Consuming this product can expose you to lead which is known to the State of California to cause birth defects and other reproductive harm. For more information go to: www.P65warnings.CA.gov/food”

OR:

OPTION 2:

 **WARNING:** Reproductive Harm – www.P65Warnings.ca.gov/food

The warning provided pursuant to Section 2.3 shall be prominently affixed to or printed on the Covered Product’s packaging or label with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use. If the warning is provided on the label, it must be set off from other surrounding information and enclosed in a box. In the event Apothekary provides the warning pursuant to OPTION 2, above, the entire warning must be in a type size no smaller than the largest size used for other consumer information on the product, and in no case shall the warning appear in a type size smaller than 6-point type. Further, for Option 2 Warning, a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline must be placed to the left of the text of the warning in a size no smaller than the height of the word “WARNING”. If the sign, label, or shelf tag for the product is not printed using the color yellow, the symbol may be provided in black and white. For all warnings, the word “**WARNING**” shall be in all capital letters in bold print. Any additional statements in the warning shall comply with Title 27, California Code of Regulations, Section 25601(e). In the event that warnings requirements under Proposition 65 are modified after the Effective Date, Apothekary reserves the right to amend the form and content of its warning label so long as it remains consistent with legal and regulatory requirements.

In addition, for any Covered Product sold over the internet where a California delivery address is indicated, the warning shall be provided either by including the warning on the product display page, by otherwise prominently displaying the warning to the purchaser during the checkout process prior to completing the purchase, or by any other means authorized under Section 25607.1 of Title 27 of the California Code of Regulations. An asterisk or other identifying method must be utilized to identify which products on the checkout page are subject

to the warning. The Warning may be provided with a conspicuous hyperlink stating “WARNING” in all capital and bold letters so long as the hyperlink goes to a page directly to a page prominently displaying the Warning without content that detracts from the Warning. Given Apothekary’s lack of control over third-party websites, the online warning requirements expressed in this section only apply to the Covered Products when sold through Apothekary’s website. With respect to any downstream reseller customers of Apothekary who are subject to Proposition 65, Apothekary may give written notice, including labels, labeling, shelf signs, or tags bearing the Warning and all necessary warning materials to the authorized agent of such downstream reseller customers. Such written notice shall instruct the downstream reseller customers that the labels, labeling, shelf signs, or tags bearing the Warning must be displayed in such conspicuousness, as compared with other words, statements, or designs, as to render the Warning likely to be seen, read, and understood by an ordinary individual prior to sale. In the event that warnings requirements under Proposition 65 are modified after the Effective Date, Apothekary reserves the right to amend the form and content of its warning label so long as it remains consistent with legal and regulatory requirements.

3. MONETARY PAYMENTS

3.1 Civil Penalty

Pursuant to Health and Safety Code section 25249.7(b), Apothekary shall pay civil penalties in the amount of \$1,000. The penalty payment shall be allocated according to Health and Safety Code section 25249.12(c)(1) and (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty paid to SPFC. SPFC’s counsel shall be responsible for remitting Apothekary penalty payment under this Settlement Agreement to OEHHA. Within ten (10) calendar days of this Agreement being signed by the Parties, Apothekary shall issue a check payable to “Safe Products for Californians, Inc.” in the amount of \$250.00, and a check payable to OEHHA in the

amount of \$750.00. These penalty payments shall be delivered to the address listed in Section 3.3 below.

3.2 Reimbursement of Attorneys' Fees and Costs

The Parties acknowledge that SPFC and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving the issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been finalized, Apothekary expressed a desire to resolve SPFC's fees and costs. The Parties then negotiated a resolution of the compensation due to SPFC and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure section 1021.5. For all work performed through the mutual execution of this Settlement Agreement, Apothekary shall reimburse SPFC and their counsel a total of \$13,000.00, with \$3,666.67 due within thirty (30) calendar days of this Agreement being signed by the Parties, \$4,666.67 due within sixty (60) calendar days of this Agreement being signed by the Parties, and the remaining \$4,666.66 within ninety (90) calendar days of this Agreement being signed by the Parties. Apothekary's payment shall be delivered to the address in Section 3.3 in the form of a check payable to "Moore Law Firm, P.C." The reimbursement shall cover all reasonable fees and costs incurred by SPFC investigating, bringing this matter to Apothekary's attention and negotiating a settlement of the matter in the public interest. For purposes of this Settlement Agreement, only, Apothekary does not dispute the reasonableness of these fees and costs, but reserves the right to challenge such fees and costs if this Settlement Agreement is breached by SPFC or rejected by any governmental entity.

3.3 Payment Address

All payments required by this Settlement Agreement shall be delivered to the following address:

Safe Products for Californians, LLC
c/o Moore Law Firm, P.C.
300 South First Street, Suite 342
San Jose, CA 95113

4. CLAIMS COVERED AND RELEASED

4.1 SPFC's Release of Proposition 65 Claims

This Settlement Agreement is a full, final and binding resolution between SPFC, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, and Apothekary, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, agents employees, attorneys, and each entity to whom Apothekary directly or indirectly distributes or sells Covered Products, including, but not limited to, upstream suppliers, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "Releasees"), from all claims for any violation of Proposition 65 through the Effective Date arising from failure to provide Proposition 65 warnings on the Covered Products regarding lead up to and including the Effective Date. Compliance with the terms of this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposures to lead and lead compounds from the the Covered Products, as set forth in the Notice. The Parties further understand and agree that 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 Apothekary.

4.2 SPFC's Individual Releases of Claims

SPFC, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, provides a 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 SPFC of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to lead and lead compounds in the Covered Products manufactured, imported, distributed, or sold by Apothekary prior to the Effective Date. The Parties further understand and agree that this Section 4.2 release shall 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 Apothekary, and downstream to any distributors of the Products.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Section 3, SPFC, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby covenants not to sue and waives any right to institute, participate in, directly or indirectly, any form of legal action and releases all claims that it may have, including without limitation, all actions and causes of action in law and in equity, all obligations, expenses (including without limitation all attorneys' fees, expert fees, and investigation fees, and costs), damages, losses, liabilities and demands against any of the Releasees of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of the allegations made in the Notice.

4.3 Apothekary's Release of SPFC

Apothekary, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against SPFC 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 SPFC and their 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 Covered Products.

4.4 Waiver of Civil Code Section 1542

With respect to the foregoing waivers and releases in this Settlement Agreement, SPFC hereby specifically waives any and all rights and benefits which it now has, or in the future may have, conferred by virtue of the provisions of Section 1542 of the California Civil Code, 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.

4.5 Deemed Compliance with Proposition 65.

The Parties agree that compliance by Apothekary with this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposure to lead from use of the Covered Products.

4.6. Public Benefit.

It is Apothekary's understanding that the commitments it has agreed to herein, and actions to be taken by Apothekary under this Settlement Agreement, would confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of Apothekary that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Apothekary's alleged failure to provide a warning concerning exposure to lead prior to use of the Products it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Products addressed in this Settlement Agreement, provided that Apothekary is in material compliance with this Settlement Agreement.

5. SEVERABILITY

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

6. 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 if any of the provisions of this Settlement Agreement are rendered inapplicable or no longer required as a result of any such repeal or preemption or rendered inapplicable by reason of law generally as to the Covered Products, then Apothekary shall provide written notice to SPFC of any asserted change in the law and shall have

no further injunctive obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Covered Products are so affected. If the Office of Environmental Health Hazard Assessment promulgates one or more regulations governing the provision of Proposition 65 warnings for foods, Apothekary may comply with such regulations as to the Covered Products without being deemed in breach of this Settlement Agreement. Nothing in this Settlement Agreement shall be interpreted to relieve Apothekary from any obligation to comply with any pertinent state or federal toxics control law.

7. NOTICE

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

For Apothekary:

Apothekary Inc.
2824 Fallfax Drive
Falls Church, VA 22042
Attention: Shizu Okusa, CEO

For SPFC:

Proposition 65 Coordinator
Moore Law Firm, P.C.
300 South First Street, Suite 342
San Jose, CA 95113

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.

8. 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 any and all prior discussions, negotiations, commitments and understandings related hereto. No representations, oral or otherwise, express or implied, other than those contained herein have been made by any party

hereto. No other agreements addressing compliance with Proposition 65 as to the Covered Products not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties.

9. COUNTERPARTS; FACSIMILE AND SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or .pdf signature, 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)

SPFC agrees to comply with the reporting requirements referenced in Health & Safety Code section 25249.7(f).

11. MODIFICATION


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

12. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained herein.

AGREED TO:

Dated: Oct 3, 2022


KR Moore (Oct 3, 2022 13:45 PDT)
Safe Products for Californians, Inc.
By: Randy Moore, Operating Manager

Dated: _____

Apothekary Inc.
By: _____

hereto. No other agreements addressing compliance with Proposition 65 as to the Covered Products not specifically referred to herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties.

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

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The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained herein.

AGREED TO:

Dated: _____

Safe Products for Californians, Inc.
By: Randy Moore, Operating Manager

Dated: 10/3/2022

DocuSigned by:
Shizu Okusa

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Apothekary Inc.
Shizu Okusa
By: _____