

SETTLEMENT AND RELEASE AGREEMENT

1 INTRODUCTION

1.1 Kaloustian and Urbani Truffles USA Corporation

This Settlement and Release Agreement (the "Agreement") is entered into by and between Tamar Kaloustian ("Kaloustian"), represented by her attorneys, KJT Law Group, LLP on the one hand, and Urbani Truffles USA Corporation ("Urbani"), on the other hand, with Kaloustian and Urbani collectively referred to as the "Parties."

1.2 General Allegations

Kaloustian alleges that Urbani manufactured and distributed and offered for sale in the State of California Dried Porcini Mushrooms, containing lead and cadmium 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 and cadmium under Proposition 65 as chemicals known to the State of California to cause cancer, birth defects or other reproductive harm.

1.3 Product Description

The products covered by this Agreement are Dried Porcini Mushrooms, which include "Urbani Mushrooms – Unveiled Quality – Dried Porcini Mushrooms; UPC #: 8 45780 06022 2," that Urbani has sold, offered for sale, manufactured or distributed in California. All such items shall be referred to herein as the "Covered Product" or "Covered Products."

1.4 Notice of Violation

On or about October 18, 2021, Kaloustian served Urbani 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

Urbani and such public enforcers with notice that Urbani was allegedly in violation of Proposition 65 for failing to warn consumers and customers that the Covered Product exposed users in California to lead and cadmium. To the best of Kaloustian's 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 Agreement to settle disputed claims between them as set forth herein and in the Notice concerning Urbani's compliance with Proposition 65. Urbani denies the allegations contained in Kaloustian's Notice and maintains that all products that it has sold, offered for sale, manufactured and/or distributed in California, including the Covered Product, have been and are in compliance with Proposition 65 or any other statutory, regulatory, common law or equitable doctrine. Nothing in this Agreement shall be construed as an admission by Urbani of any fact, finding, issue of law, or violation of law; nor shall compliance with this Agreement constitute or be construed as an admission by Urbani of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Urbani. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Urbani under this Agreement.

1.6 Effective Date

For purposes of this Agreement, the term "Effective Date" shall mean the date on which a complete copy of the Agreement is delivered to each Party's counsel.

2 INJUNCTIVE RELIEF:

2.1

Beginning 120 days from the Effective Date (the "Compliance Date"), Urbani agrees not to Distribute into the State of California any Covered Product that exposes a person to a Daily Lead Exposure Level of more than 0.5 micrograms of lead per day or to a Daily Cadmium

Exposure Level of more than 4.1 micrograms of cadmium per day, unless it meets the warning requirements under paragraph 2.2. The injunctive relief in Section 2 does not apply to any Covered Products that have left the possession, and are no longer under the control of Urbani prior to the Compliance Date and all claims as to such Covered Products are released in this Settlement Agreement.

The phrase "Distribute into the State of California" as used in this Agreement shall mean Urbani's direct shipment of a Covered Product into California for sale to a consumer or Urbani's sale of a Covered Product to a distributor that Urbani knows or has reason to know will sell the Covered Product in California.

For the purposes of this Agreement, "Daily Lead Exposure Level" and "Daily Cadmium Exposure Level" shall be measured in micrograms and shall be calculated using the following formula: micrograms of lead or cadmium per gram of product, multiplied by grams of product per serving of the product as stated on the label, multiplied by servings of the product per day stated on the label, which equals micrograms of lead or cadmium exposure per day. If the label contains no recommended daily servings, then the number of recommended daily servings shall be one.

2.2 Clear and Reasonable Warnings

If Urbani is required to provide a warning pursuant to paragraph 2.1, one of the following warnings must be utilized ("Warning"):

Option 1:

WARNING: Consuming this product can expose you to chemicals, including [lead and/or cadmium], which [is or 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/food.

Option 2:

WARNING: [Cancer and] Reproductive Harm – <http://www.p65warnings.ca.gov/food>.

Urbani shall use the phrase “cancer and” in the Warning if Urbani has reason to believe that the Daily Exposure Level is greater than 15 micrograms of lead or if Urbani has reason to believe that another Proposition 65 chemical is present which may require a cancer warning. Urbani may reference lead, cadmium, or both in the Warning, depending on what chemical causes an exposure above the thresholds set forth in paragraph 2.1.

The Warning shall comply with the safe harbor provisions of 27 C.C.R. § 25607.1-2, as those regulations may be amended from time to time, or any subsequent regulatory section setting forth safe harbor warnings for food products.

If Kaloustian alleges that any Covered Product fails to adhere to this Agreement, then Kaloustian shall inform Urbani in a reasonably prompt manner by written notice, including information sufficient to permit Urbani to identify the Covered Product at issue and investigate. Urbani shall, within thirty (30) days following such written notice, provide Kaloustian with testing information demonstrating Urbani’s compliance with the Agreement, or proof that omission of the Warning was due to the Covered Product being manufactured, packed, shipped, offered for sale, sold or labeled prior to the Compliance Date. The Parties shall first attempt to resolve the matter prior to Kaloustian taking any further legal action.

3 CONSIDERATION

In settlement of all the claims referred to in this Agreement, the Parties have reached an accord on the compensation due, under the private attorney general doctrine and principles of contract law. Under these legal principles, Urbani shall pay \$40,000.00 as settlement and for fees and costs, incurred by Kaloustian as a result of investigating and bringing this matter to Urbani’s attention.

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

In settlement of all the claims referred to in this Agreement, \$5,000.00 shall be considered a "civil penalty." 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 Kaloustian.

5 REIMBURSEMENT OF FEES AND COSTS

In settlement of all the claims referred to in this Agreement, \$35,000.00 shall be considered reimbursement of Kaloustian's attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice. The Parties reached an accord on the compensation due to Kaloustian and its counsel under the private attorney general doctrine and principles of contract law.

6 PAYMENT INFORMATION

Urbani shall mail the civil penalty payment in the amount of \$1,250.00 within fifteen (15) business days following the Effective Date by check made payable to "Tamar Kaloustian," and shall be delivered to the following address:

KJT LAW GROUP LLP
230 N. Maryland Avenue, Suite 306
Glendale, CA 91206

The \$3,750.00 payment owed to OEHHA shall be delivered directly to OEHHA at the following addresses:

For United States Postal Delivery:
Mike Gyurics
Senior Accounting Officer -- MS 19-B
Office of Environmental Health Hazard Assessment
P.O. Box 4010

Sacramento, CA. 95812-0410

For Non-United States Postal Service Delivery:
Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

7 RELEASE OF ALL CLAIMS

7.1 Release of Urbani, Downstream Customers and Vendors

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to paragraphs 3 through 6 above, Kaloustian, on behalf of herself, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Covered Product, 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) against: (a) Urbani and its respective equity owners, parents, corporate subsidiaries, affiliates, sister and related companies and their respective officers, directors, attorneys, representatives, shareholders, members, managers, agents and employees; and (b) each of Urbani's distributors, wholesalers, manufacturers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers, users and each of their respective equity owners, parents, corporate subsidiaries, affiliates, sister and related companies, officers, directors, attorneys, representatives, shareholders, members, managers, agents and employees, including, without limitation, Costco Wholesale Corporation (collectively, "Releasees"), for injunctive relief or damages, penalties, fines, sanctions, mitigation, fees (including fees of attorneys, experts, and others), costs, expenses, or any other sum incurred or claimed arising from

any alleged violation of Proposition 65, or any other alleged violation of statutory or common law, arising from alleged exposures to lead and/or cadmium in relation to the Covered Product.

With respect to the foregoing waivers and releases in this paragraph, Kaloustian hereby specifically waives any and all rights and benefits which he 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

8 GOVERNING LAW

The terms of this 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 Covered Product, then Urbani shall have no further obligations pursuant to this Agreement.

9 NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this 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 Urbani: Jonathan E. Temchin
Tarter Krinsky & Drogin LLP
1350 Broadway
New York, New York 10018

For Kaloustian: Tro Krikorian
KJT Law Group, LLP

230 N. Maryland Ave., Suite 306
Glendale, California 91206

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.

10 COUNTERPARTS; FACSIMILE/E-SIGNATURES

This 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.

11 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 related prior discussions, negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

12 MODIFICATION

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

13 DRAFTING

No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion of this Agreement. It is conclusively presumed that the Parties participated equally in the preparation and drafting of this Agreement.

14 AUTHORIZATION

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

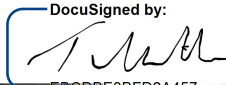
IN WITNESS WHEREOF, the Parties have agreed, accepted, and executed this

Agreement on the date written

3/16/2022

Executed this ___ day of _____, 2022, at Los Angeles, California.

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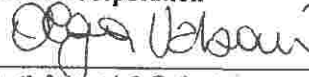


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Tamar Kaloustian

Executed this 16 day of March, 2022, at _____, California.

Urbani Truffles USA Corporation



By: OLGA URBANI

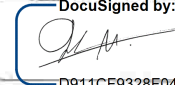
Title: PRESIDENT

APPROVED AS TO FORM BY:

3/17/2022

Executed this ___ day of _____, 2022, at Glendale, California.


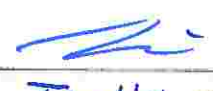
DocuSigned by:



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Tro Krikorian, Esq. Attorney for Tamar Kaloustian
KJT Law Group, LLP

Executed this 16th day of March, 2022, at New York, New York, ~~California~~.



Jonathan Tenchik of Tarter Krinsky & Dragan LLP
Attorneys for Urbani