

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 Urbani Truffles USA Corporation (“**Urbani Truffles**”), with KASB and Urbani Truffles each individually referred to as a “**Party**” and, collectively, the “**Parties**.” KASB represents that it 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 that Urbani Truffles 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 that Urbani Truffles manufactures, imports, sells, and distributes for sale in California edible fungi products containing methylmercury and methylmercury compounds, including, but not limited to, *Truffle Thrills, White Truffles and Porcini, Net Wt. 6.4 oz, L. T188, 06/30/2024, Model No. 00252261, UPC 8 45780 03605 0/6 71194 21584 8, ASIN B00627D3T0*, without providing the health hazard warning that KASB alleges is required by California Health & Safety Code § 25249.5 *et seq.* (“**Proposition 65**”). Edible fungi products are referred to hereinafter as the “**Products**.” Methylmercury and methylmercury compounds (“**Organic Mercury**”) are listed pursuant to Proposition 65 as chemicals known to the State of California to cause developmental toxicity and cancer.

1.3 Notice of Violation

On November 3, 2021, KASB served Urbani Truffles, Amazon.com, Inc., the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“**Notice**”), alleging Urbani Truffles violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to Organic Mercury.

No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notice.

1.4 No Admission

The Parties enter into this Agreement to settle disputed claims between them as set forth herein and the Notice concerning Urbani Truffles' compliance with Proposition 65. Urbani Truffles denies the factual and legal allegations contained in the Notice and maintains that all products it has sold or distributed for sale in California, including the Products, have been, and are, in compliance with all laws, including, without limitation, Proposition 65 or any other statutory, regulatory, common law or equitable doctrine. Nothing in this Agreement shall constitute or be construed as, nor shall compliance with this Agreement constitute or be construed as, an admission by Urbani Truffles of any fact, finding, conclusion of law, issue of law, or violation of law, such being specifically denied by Urbani Truffles. This section shall not, however, diminish or otherwise affect Urbani Truffles' obligations, responsibilities, and duties under this Agreement.

1.5 Effective Date

For purposes of this Agreement, "**Effective Date**" shall mean December 15, 2022.

2. INJUNCTIVE RELIEF

2.1 Clear and Reasonable Warning Requirements

Except as provided in Section 2.2, beginning 30 days from the Effective Date (the "**Compliance Date**"), Urbani Truffles agrees not to "Distribute into the State of California" any Products unless the Products are accompanied by the following clear and reasonable warning:

WARNING: Consuming this product can expose you to [chemicals including] methylmercury and methylmercury compounds, 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/food.

Language in brackets optional.

The listed chemicals, methylmercury and methylmercury compounds, in the foregoing warnings may be changed to mercury and mercury compounds (“Inorganic Mercury”) or lead, according to the chemical content of the products, at Urbani Truffles’ discretion.

The foregoing warning shall be prominently placed on the product label or otherwise directly on Products provided for sale or sold to consumers in California 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 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. The foregoing warning language 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, and any subsequent regulatory section setting forth safe harbor warnings for food products.

The phrase “**Distribute into the State of California**” as used in this Agreement shall mean Urbani Truffles’ direct shipment of any Products to a consumer in California or into California for sale to a customer, and Urbani Truffles’ sale of any Products to a retailer or distributor Urbani Truffles knows or has reason to know will sell the Products in California. Except as provided in Section 3.2, the injunctive relief in this Section 2 does not apply to any Products that have left the possession, and are no longer under the control, of Urbani Truffles prior to the Compliance Date.

2.2 Exception to Warning Requirements

For Products which contain No Detectable Amount of Organic Mercury or Inorganic Mercury, collectively referred to herein as “Mercury,” Urbani Truffles shall have no obligation to provide a warning pursuant to Section 2.1. For purposes of this Agreement “**No Detectable Amount**” shall mean not detected when analyzed by a laboratory accredited by the State of California, a federal agency, or the International Laboratory Accreditation Cooperation (“ILAC”), and the European Accreditation Laboratory Committee in accordance with International Organization for Standards/International Electrotechnical Commission (“ISO/IEC”) 17043 and ISO Guide 34. For purposes of this Section 2.2, Mercury concentration levels shall

be determined pursuant to a digestion test with sample preparation in conformity with EPA Method 3052 and analysis in conformity with U.S. Environmental Protection Agency method (“EPA Method”) 6020 or 6020A, or its equivalent, with inductively coupled plasma mass spectrometry (“ICP-MS”) equipment with a level of detection of at least ten parts per billion (10 ppb) that meets standard laboratory QA/QC requirements.

3. MONETARY SETTLEMENT TERMS

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 as set forth in this Section 3.

3.1 Civil Penalty

Pursuant to Health and Safety Code § 25249.7(b), Urbani Truffles agrees to pay a civil penalty of \$4,000 within five (5) business days of the Effective Date. Urbani Truffles’ 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. Urbani Truffles shall issue its payment in two checks made payable to: (a) “OEHHA” in the amount of \$3,000; and (b) “Keep America Safe and Beautiful” in the amount of \$1,000. KASB’s counsel shall deliver to OEHHA and KASB their respective portion of the penalty payment.

3.2 Reimbursement of Attorneys’ Fees and Costs

KASB and its counsel offered to resolve the allegations in the Notices 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, Urbani Truffles

agrees to issue a check in the amount of \$21,000 payable to “Seven Hills LLP” for all fees and costs incurred investigating, bringing this matter to Urbani Truffles’ attention, negotiating a settlement in the public interest, and reporting its terms to Office of the California Attorney General pursuant to Section 9.

3.4 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. RELEASE OF ALL CLAIMS

4.1 KASB’s Release of Urbani Truffles, Downstream Customers and Vendors

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Section 3, KASB, on behalf of itself and 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 and releases 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 and attorneys’ fees) against: (a) Urbani Truffles and its respective equity owners, past and current 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 downstream distributors, wholesalers, 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, Amazon.com, Inc. (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 Mercury in relation to the Products.

4.2 Urbani Truffles' Release of KASB

Urbani Truffles, 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 with respect to the Products.

4.3 The Parties Mutual Section 1542 Waiver

With respect to the foregoing waivers in paragraphs 4.1 and 4.2, KASB, on the one hand, and Urbani Truffles, on the other hand, each hereby specifically waive any and all respective rights and benefits which they now have, 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.

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 the Products, then Urbani Truffles shall

have no further obligations pursuant to this Agreement. Nothing in this Agreement shall be interpreted to relieve Urbani Truffles 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 Urbani Truffles:

Jonathan E. Temchin
Tarter Krinsky & Drogin LLP
1350 Broadway
New York, New York 10018

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 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**

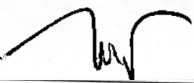
This Agreement may be modified only by a written agreement of the Parties.

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: 12/06/2022

By: 

Ngoc-Bich Hoang Vo, CEO
Keep America Safe and Beautiful

AGREED TO:

Date: December 6th, 2022

By: 

Olga Urbani, President
Urbani Truffles USA Corporation