

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Ema Bell (“Bell”) and Oakley, Inc. (“Oakley”). Together, Bell and Oakley are collectively referred to as the “Parties.” Bell is an individual who resides in the State of California, and seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Bell alleges that Oakley is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health & Safety Code § 25249.6, et seq. (“Proposition 65”).

1.2 General Allegations. Bell alleges that Oakley has exposed individuals to the chemical Bisphenol A (BPA) from its sales of Oakley ARO3 Helmets without first providing users and consumers of the product with a clear and reasonable health hazard exposure warning as required pursuant to Proposition 65. BPA is listed under Proposition 65 as a chemical known to the State of California to cause reproductive toxicity.

1.3 Product Description. The products covered by this Settlement Agreement are Oakley ARO3 Helmets (the “Products”) that have been manufactured, imported, distributed, offered for sale and/or sold in California by Oakley.

1.4 Notice of Violation. On April 13, 2022, Bell served Oakley, Inc.; Bazooka, Inc.; Recreational Equipment, Inc. (“REI”), and various public enforcement agencies with a document entitled “Notice of Violation of California Health & Safety Code § 25249.6, et seq.” (the “Notice”) alleging that the noticed entities were in violation of California Health & Safety Code § 25249.6, for failing to warn California consumers and customers that use of the Products will expose them to BPA. No public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission. Oakley denies the material factual and legal allegations contained in the Notice and maintains that, to the best of its knowledge, all products that are or have been sold and distributed in California, including the Products, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Oakley of any fact,

finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Oakley of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Oakley. However, this § 1.5 shall not diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement. Notwithstanding the allegations in the Notice, Oakley maintains that it has not knowingly manufactured, or caused to be manufactured, or knowingly imported, distributed or sold or offered for sale the Products in California in violation of Proposition 65.

1.6 Effective Date. For purposes of this Settlement Agreement, the term “Effective Date” shall mean the date this Agreement is last executed by the Parties.

1.7 Sell-Through Date. For purposes of this Settlement Agreement, the term “Sell-Through Date” shall mean the date that is forty-five (45) days after the Effective Date.

2. INJUNCTIVE RELIEF: WARNINGS

2.1 Reformulation of Products. As of the Sell-Through Date, and continuing thereafter, Products that Oakley manufactures, imports, distributes, sells, or offers for sale in California shall either: (a) be Reformulated Products pursuant to § 2.2, below; or (b) be accompanied by a clear and reasonable exposure warning pursuant to §§ 2.3 and 2.4, below. For purposes of this Settlement Agreement, "Reformulated Products" are Products that are in compliance with the standard set forth in § 2.2, below. The warning requirement set forth in §§ 2.3 and 2.4 shall not apply to any Reformulated Products.

2.2 Reformulation Standard. "Reformulated Products" shall mean any Products intended for retail sale in California that contains BPA on any component to which consumers are *not* exposed to in excess of 3 micrograms per day of dermal exposure from solid materials or in excess of the level in any maximum allowable dose level adopted by OEHHA or applicable safe use determination applicable to the Products.

2.3 Clear and Reasonable Warning. As of the Sell-Through Date, Oakley agrees to manufacture, import, distribute, sell or offer for sale in California only (a) Reformulated Products pursuant to § 2.2, or (b) Products that are sold or offered for sale with either of the following

warnings, provided in the manner and through any of the means set forth in § 2.4:

- (a) **WARNING:** Cancer and Reproductive Harm - www.P65Warnings.ca.gov.
- (b) **WARNING:** This product can expose you to chemicals including Bisphenol A (BPA), 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.

Oakley and its downstream retailers shall have no obligation to reformulate or provide warnings with respect to Products that entered the stream of commerce prior to the Sell-Through Date. For purposes of this Settlement Agreement, "Reformulated Products" are Products that meet the standard set forth in § 2.2, above.

2.4 Compliance with Warning Regulations. The warning provided pursuant to § 2.3 above may be affixed to or printed on the Products' packaging or labeling. If provided in that manner, the warning shall be prominently affixed to or printed on the packaging or labeling and displayed 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. A warning may be contained in the same section of the packaging, labeling, or instruction booklet that contains other warnings, if any, concerning the use of the Products and shall be at least the same size as those other warnings. For retail sales, in lieu of being affixed to or printed on the Products' packaging or labeling, the warning may be given by being posted in the manner set forth in 27 California Code of Regulations ("CCR") § 25602(a)(1) or (2), each as they may be amended. In the case of internet or catalog sales, the warning may be given in the manner provided by 27 CCR § 25602(b) and (c), each as they may be amended. Other than as a retail seller, Oakley's obligation to provide the warning may be satisfied by providing notice as provided for in 27 CCR § 25600.2, as it may be amended.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, Oakley shall pay \$2,000.00 as a Civil Penalty in accordance with this Section. The Civil Penalty payment shall be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the Penalty remitted to OEHHA and the remaining 25% of the Penalty remitted to Bell. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below. For all amounts due and owing that are not received within five (5) business days of the payment times set forth below, Oakley shall pay a late civil penalty payment fee equal to \$100/day to be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) and (d).

3.1 Civil Penalty. Within thirty (30) days of the Effective Date, Oakley shall issue two separate checks for the Civil Penalty payment to (a) “OEHHA” in the amount of \$1,500.00; and to (b) “Brodsky & Smith in Trust for Bell” in the amount of \$500.00. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below.

3.2 Payment Procedures.

(a) Issuance of Payments. Payments shall be delivered as follows:

(i) All payments owed to Bell, pursuant to § 3.1 shall be delivered to the following payment address:

Evan J. Smith, Esquire
Brodsky & Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

(ii) All payments owed to OEHHA (EIN: 68-0284486), pursuant to § 3.1 shall be delivered directly to OEHHA (Memo Line “Prop 65 Penalties”) at the following addresses:

For United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

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

(b) **Copy of Payments to OEHHA.** Oakley agrees to provide Bell's counsel with a copy of the checks payable to OEHHA, simultaneous with its penalty payments to Bell, to be delivered to the address provided in § 3.2(a)(i), as proof of payment to OEHHA.

(c) **Tax Documentation.** Oakley agrees to provide a completed IRS 1099 for its payments to, and Bell agrees to provide IRS W-9 forms for, each of the following payees under this Settlement Agreement:

(i) "Ema Bell" whose address and tax identification number shall be provided within one (1) business day after this Settlement Agreement is fully executed by the Parties;

(ii) "Brodsky & Smith" (EIN: 23-2971061) at the address provided in Section 3.2(a)(i); and

(iii) "Office of Environmental Health Hazard Assessment" 1001 I Street, Sacramento, CA 95814.

4. **REIMBURSEMENT OF FEES AND COSTS**

The Parties acknowledge that Bell and her counsel offered to reach preliminary agreement on the material terms of this dispute before reaching terms on the amount of fees and costs to be reimbursed to them. The Parties thereafter reached an accord on the compensation due to Bell and her counsel under general contract principles and the private attorney general doctrine and principles codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Under these legal principles, Oakley shall reimburse Bell's counsel for fees and costs incurred as a result of investigating and bringing this matter to Oakley's attention, and negotiating a settlement in the public interest. Within thirty (30) days of the Effective Date, Oakley

shall issue a check payable to “Brodsky & Smith” in the amount of \$18,000.00 for delivery to the address identified in § 3.2(a)(i), above.

5. RELEASE OF ALL CLAIMS

5.1 Release of Oakley and Downstream Customers and Entities. This Settlement Agreement is a full, final and binding resolution between Bell, acting on her own behalf, and Oakley, of any violation of Proposition 65 that was or could have been asserted by Bell or on behalf of her past and current agents, representatives, attorneys, successors, and/or assigns (“Releasers”) for failure to provide warnings for alleged exposures to BPA in connection with the sale and/or use of the Products, and Releasers hereby release any and all such claims against Oakley, Bazooka, Inc., and their parents, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, successors and assignees, and each entity to whom they directly or indirectly have distributed or sold or distributes or sells the Products, including but not limited to, downstream distributors, wholesalers, customers, and retailers (including but not limited to REI), and their respective parents, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, cooperative members and licensees and their successors and assigns (collectively, the “Releasees”), from all claims for violations of Proposition 65 based on alleged or actual exposure to, and the failure to provide warnings regarding exposure to, BPA in connection with the sale and/or use of the Products through the Sell-Through Date.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to §§ 3 and 4 above, Bell, on behalf of herself, her 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 she 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 alleged or actual exposure to, and the failure to provide warnings regarding exposure to, BPA in connection with the sale and/or use of the Products.

5.2 Oakley's Release of Bell. Oakley, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Bell, her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Bell and/or her attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter or with respect to exposure to BPA from use of the Products.

5.3 California Civil Code § 1542. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Products will develop or be discovered. Bell on behalf of herself only, on one hand, and Oakley, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through the Sell-Through Date, including all rights of action therefor. The Parties acknowledge that the claims released in §§ 5.1 and 5.2, above, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims. California Civil Code § 1542 reads 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.

Bell and Oakley each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5.4 Deemed Compliance with Proposition 65. The Parties agree that compliance by Oakley with this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposure to BPA in connection with the sale and/or use of the Products.

5.5. Public Benefit. It is Oakley' understanding that the commitments it has agreed to herein, and actions to be taken by Oakley 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 Oakley that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Oakley's failure to provide a warning concerning exposure to BPA 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 Oakley is in material compliance with this Settlement Agreement.

6. 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 but only to the extent the deletion of the provision deemed unenforceable does not materially affect, or otherwise result in the effect of the Settlement Agreement being contrary to the intent of the Parties in entering into this Settlement Agreement.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the law 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 or limited by reason of law generally, or as to the Products, Oakley shall provide written notice to Bell of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, a Product is so affected.

8. NOTICES

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

For Oakley:

Sonja A. Inglin
Cermak & Inglin LLP
12121 Wilshire Blvd. Suite 322

Los Angeles, CA 90025

For Bell:

Evan J. Smith
Brodsky & Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

Either 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.

9. COUNTERPARTS: 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 § 25249.7(f)

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

11. MODIFICATION

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

12. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

13. **AUTHORIZATION**

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

AGREED TO:

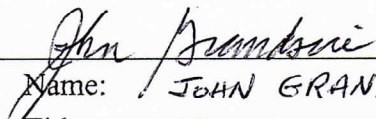
AGREED TO:

Date: 1/9/2023

Date: 12/22/2022

By:  _____
Ema Bell

OAKLEY, INC.

By:  _____
Name: JOHN GRANDSIRE
Title: VP FINANCE