

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Environmental Health Advocates, Inc. (“EHA”), on the one hand, and Urbani Truffles USA Corporation (“Urbani”), on the other hand, with EHA and Urbani each individually referred to as a “Party” and collectively as the “Parties.” EHA alleges it is a corporation in the State of California serving in the interest of the general public by seeking to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. EHA alleges that Urbani is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations


EHA alleges that Urbani manufactures, sells, and/or distributes for sale in California, dried mushrooms products that contain lead, cadmium, arsenic and mercury (collectively, the “Listed Chemicals”) and that it does so without first providing the health hazard warning required by Proposition 65. The Listed Chemicals are listed pursuant to Proposition 65 as chemicals known to cause cancer, birth defects and/or other reproductive harm.

1.3 Product Description

The products covered by this Settlement Agreement are defined as edible fungi products, including, but not limited to, Dried Porcini Mushrooms (“Covered Products”), that are manufactured, sold or distributed for sale in California by Urbani.

1.4 Notice of Violation

On or around October 10, 2022, EHA served Urbani, A & T Italian Foods Inc. (“A & T”), the California Attorney General, and certain public enforcement agencies (EHA believes required) with a 60-Day Notice of Violation of Proposition 65 (“Notice”). The Notice alleged that Urbani and A & T had violated Proposition 65 by failing to sufficiently warn consumers in California of the



health hazards associated with exposures to the Listed Chemicals contained in Covered Products.

To the best of the parties' knowledge, no public enforcer has commenced or is otherwise prosecuting an action to enforce the violations alleged in the Notice.

1.5 No Admission

The Parties enter into this Agreement to settle disputed claims between them as set forth herein and the Notice concerning Urbani's compliance with Proposition 65. Urbani denies the material, factual, and legal allegations in the Notice and maintains that all of the products it sold and/or distributed for sale in California, including Covered 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 Settlement Agreement shall be construed as an admission by Urbani of any fact, finding, conclusion, issue of law or violation of law, nor shall compliance with this Settlement 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. This Section shall not, however, diminish or otherwise affect Urbani's obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the latest date this Settlement Agreement is executed by all Parties.

2. INJUNCTIVE RELIEF

2.1 Reformulation Standard

Beginning one hundred twenty (120) days after the Effective Date (the "Commencement Date"), Urbani agrees not to Distribute into the State of California, any Covered Product that exposes a person to: (a) a "Daily Lead Exposure Level" of more than 0.5 micrograms of lead based on a single serving per day; (b) a "Daily Cadmium Exposure Level" of more than 4.1 micrograms of cadmium based on a single serving per day; (c) a "Daily Arsenic Exposure Level" of more than 10.0 micrograms of arsenic based on a single serving per day; and (e) a "Daily Mercury Exposure Level" of more than 0.3 micrograms of mercury based on a single serving per day, unless such Covered



Products comply with the warning requirements of Section 2.2. The "Daily Lead Exposure Level", "Daily Cadmium Exposure Level", "Daily Arsenic Exposure Level" and "Daily Mercury Exposure Level" shall be measured in micrograms and shall be calculated using the following formula: micrograms of lead, cadmium, arsenic or mercury per gram of product, multiplied by grams of product per serving of the product as stated on the label, which equals micrograms of lead, cadmium, arsenic or mercury exposure per day. If the label contains no recommended daily servings, then the number of recommended daily servings shall be one. As used in this Section 2, "Distribute into the State of California" means to directly ship Covered Products into California or to sell Covered Products to a retailer or distributor Urbani has actual knowledge will sell Covered Products in California.


2.2 General Warning Requirements


Commencing on the Commencement Date, Urbani agrees any Covered Product sold that was not reformulated pursuant to paragraph 2.1 shall contain a Proposition 65 warning. Urbani agrees that 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 before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Covered Products the warning applies, so as to minimize the risk of consumer confusion.

For purposes of this Settlement Agreement, a clear and reasonable warning for the Covered Products shall consist of a warning affixed to the packaging, label, tag, directly to each Covered Product sold in California by Urbani, or on a placard, shelf tag, sign or electronic device or automatic process that contains one of the following statements:

- 1) **⚠️ WARNING:** Consuming this product can expose you to chemicals including lead, cadmium, arsenic and/or mercury 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.

OR



2)  **WARNING:** Cancer and Reproductive Harm –
www.P65Warnings.ca.gov/food.

Language in brackets optional.

The same warning shall be posted on any product page for Covered Products on websites under the exclusive control of Urbani where Covered Products are sold into California. Such warning shall constitute compliance with Proposition 65 with respect to the Listed Chemicals in the Covered Products for any Covered Products in existing inventory that had not been reformulated and were distributed and/or sold by Urbani or any of the Releasees after the Commencement Date. There shall be no obligation for Urbani to provide a warning for Covered Products that entered the stream of commerce prior to the Commencement Date, and the Section 4 release applies to all such Covered Products. If EHA alleges that any Covered Product fails to adhere to this Settlement Agreement, then EHA 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 EHA with testing information demonstrating Urbani's compliance with the Settlement Agreement, or proof that omission of the warning was due to the Covered Product being Distributed into the State of California prior to the Commencement Date. The Parties shall first attempt to resolve the matter prior to EHA taking any further legal action.

(i) Changes in Warning Regulations or Statutes

In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting Proposition 65 warning text and/or methods of transmission applicable to the Covered Products and the chemical at issue, which are different than those set forth above, Urbani shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Agreement. If regulations or legislation are enacted providing that Proposition 65 warnings in this product are no longer required, a lack of warning by Urbani will not thereafter be a breach of this Agreement.



2.3 Grace Period for Existing Inventory of Covered Products

The injunctive requirements of Section 2 shall not apply to Covered Products that are already in the stream of commerce as of the Commencement Date, which Covered Products are expressly subject to the releases provided in Section 4.1. For the avoidance of doubt, Covered Products in the stream of commerce specifically include, but are not limited to, Covered Products in the process of manufacture.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payment

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Urbani agrees to pay three thousand (\$3,000.00) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (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 amount retained by EHA. Shall issue two separate checks for the initial civil penalty payment to (a) “OEHHA” and (b) Environmental Health Advocates, Inc. as follows:

- One payment of \$2,250.00 to OEHHA, due 14 (fourteen) days after the effective date.
- One payment of \$750.00 to EHA, due 14 (fourteen) days after the effective date.

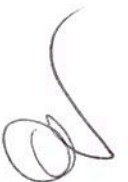
All payments owed to OEHHA (EIN: 68-0284486), pursuant to this Section shall be delivered directly to OEHHA (Memo Line “Prop 65 Penalties”) at the following addresses:

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



All penalty payments owed to EHA shall be sent to:

Isaac Fayman
Environmental Health Advocates
225 Broadway, Suite 1900
San Diego, CA 92101

3.2 Attorney Fees and Costs

The Parties reached an accord on the compensation due to EHA and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Urbani agrees to pay twenty-two thousand dollars (\$22,000.00) to EHA and its counsel for all attorneys' fees and costs incurred in investigating, bringing this matter the attention of Urbani, and negotiating a settlement. The twenty-two thousand dollars (\$22,000.00) in attorney's fees and costs shall be payable to Entorno Law, LLP as follows:

- One payment of \$22,000.00 to Entorno Law, LLP due fourteen (14) days after the Effective Date.

All payments required under this Section shall be delivered to:

Noam Glick
Entorno Law, LLP
225 Broadway, Suite 1900
San Diego, CA 92101

3.4 Tax Documentation

Urbani agrees to provide a completed IRS 1099 for its payments to, and EHA agrees to provide IRS W-9 forms for, each of the payees under this Settlement Agreement. The Parties acknowledge that Urbani cannot issue any settlement payments pursuant to Section 3.1 and 3.2 above until after Urbani receives the requisite W-9 forms from EHA's counsel.



4. CLAIMS COVERED AND RELEASED

4.1 EHA's Release of Urbani

This Settlement Agreement is a full, final, and binding resolution of all claims 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 between EHA, on its own behalf and not on behalf of the public, and Urbani for all claims that can or could have been asserted by EHA, on its own behalf, on behalf of its past and current agents, representatives, attorneys, successors and assignees, against Urbani and each of its respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, members, employees, attorneys, and any entity, including, but not limited to each entity to whom Urbani directly or indirectly distributes or sells the Covered Products, including, but not limited to, its downstream distributors, wholesalers, customers, retailers (including but not limited to A & T), franchisees, cooperative members and licensees ("Releasees"), arising from any alleged violation of Proposition 65, or any alleged violation of statutory or common law, arising from alleged exposures to the Listed Chemicals in relation to the Covered Products.

In further consideration of the promises and agreements herein contained, EHA on its own behalf and not on behalf of the public, on behalf of its past and current agents, representatives, attorneys, successors and assignees hereby waives any and all rights it may have to institute or participate in, directly or indirectly, any form of legal action and releases all claims against Urbani and Releasees including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses including, but not exclusively, investigation fees, expert fees and attorney fees arising from any alleged violation of Proposition 65, or any alleged violation of statutory or common law, arising from alleged exposures to the Listed Chemicals in relation to Covered Products.

4.2 Urbani's Release of EHA

Urbani, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against EHA and its



attorneys and other representatives, for any and all actions taken or statements made by EHA and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Covered Products.

4.3 California Civil Code Section 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 Covered Products will develop or be discovered. EHA on behalf of itself only, on one hand, and Urbani on behalf of itself only, on the other hand, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through the Effective Date. The Parties acknowledge that the claims released in Sections 4.1 and 4.2 may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 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.

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

5 PUBLIC BENEFIT

It is Urbani's understanding that the commitments it has agreed to herein, and actions to be taken by Urbani under this Settlement Agreement 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 Urbani that to the extent any other private party serves a notice and/or initiates an action alleging a violation of Proposition 65 with respect to Urbani's alleged failure to provide a warning concerning actual or alleged exposure to Listed Chemicals prior to use of the Covered Products it has or will Distribute into the State of California, such private party action would not confer a significant benefit on the general public as to those Covered Products addressed in this Settlement Agreement, provided that Urbani is in material compliance with this Settlement Agreement.

6. SEVERABILITY

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

7. 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.

8. ENFORCEMENT

In any action to enforce the terms of this Settlement Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and costs.

9. NOTICE

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For Urbani:

Jonathan E. Temchin
Tarter Krinsky & Drogin LLP
1350 Broadway St
New York, NY 10018
jtemchin@tarterkrinsky.com

For EHA:

Noam Glick
Entorno Law, LLP
225 Broadway, Suite 1900
San Diego, CA 92101

Any Party may, from time to time, specify in writing to the other a change of address to which all notices and other communications shall be sent.



10. COUNTERPARTS; FACSIMILE/E-SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile, e-signature or 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.

11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

EHA and its attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code § 25249.7(f).

12. MODIFICATION

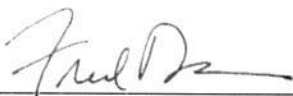
This Settlement Agreement may be modified only by written agreement of the Parties.

13. AUTHORIZATION

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

AGREED TO:

Date: 06/01/2023

By: 
ENVIRONMENTAL HEALTH
ADVOCATES, INC.

AGREED TO:

Date: 06/18/2023

By: 
URBANI TRUFFLES USA CORPORATION