

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Clean Product Advocates, LLC and Lee Kum Kee USA Inc.

This Settlement Agreement is entered into by and between Clean Products Advocates, LLC ("CPA"), on the one hand, and Lee Kum Kee USA Inc. ("LKK Inc. "), on the other hand, with CPA and LKK Inc. collectively referred to as the "Parties."

1.2. General Allegations

CPA alleges that LKK Inc. manufactured and distributed and offered for sale in the State of California "Soup base for Sichuan Hot & Spicy Hot Pot" containing Lead, 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.* and its implementing regulations ("Proposition 65"). California has identified and listed Lead under Proposition 65 as a chemical known to the State of California to cause cancer, birth defects or other reproductive harm. LKK Inc. denies CPA's allegations and alleges that it has fully complied with its obligations under Proposition 65.

1.3. Product Description

The products that are covered by this Settlement Agreement are defined as Soup base for Sichuan Hot & Spicy Hot Pot that LKK Inc. has manufactured, imported, sold, offered for sale or distributed in California. All such items shall be referred to herein as the "Products."

1.4. Notice of Violation

On November 14, 2022 CPA served Lee Kum Kee USA Inc.; Lee Kum Kee (USA) Foods Inc. Lee Kum Kee (USA) Holdings Inc.; Walmart.com and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with a document entitled "60-Day Notice of Violation" ("Notice") that provided LKK Inc. and such public enforcers with notice that LKK Inc. was allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Products exposed users in California to Lead. To the best of the Parties' 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 Settlement Agreement to settle disputed claims between them as set forth herein and in the Notice concerning LKK Inc.'s compliance with Proposition 65. LKK Inc. denies the material factual and legal allegations contained in CPA's Notice and maintains that all products that it has manufactured for sale and distribution in California, including the Products, have been and are in compliance with Proposition 65 or any other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an

admission by LKK Inc. 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 LKK Inc. of any fact, binding, conclusion, issue of law, or violation of law, such being specifically denied by LKK Inc. on its behalf. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of LKK Inc. under this Settlement Agreement.

1.6. Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date this Settlement Agreement is fully executed.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

2.1 As of the Effective Date, LKK Inc., at its sole discretion, agrees to either (a) cease selling, offering for sale or distributing the Products in California, (b) manufacture, import, or otherwise source for authorized sale in California only Reformulated Products, as defined pursuant to Section 2.2 below, or (c) provide a clear and reasonable Proposition 65 warning on the Products pursuant to Section 2.3 below.

2.2. Reformulation Standards

The Products shall be deemed to comply with Proposition 65 with regard to Lead and be exempt from any Proposition 65 warning requirements for Lead in the Products does not exceed 0.5 micrograms of Lead per day ("Reformulated Products"). Products that were supplied or contracted to be supplied to third parties by LKK Inc. prior to 6 months after the Effective Date shall be deemed exempted from the requirements of this Section 2 and shall be permitted to be sold through as previously manufactured, packaged and labeled.

For the Purpose of this Agreement, the amount of Lead a person is exposed to from the Covered Product 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 servings in recommended dosage appearing on the product label), which equals micrograms of Lead exposure per day.

2.3. Clear and Reasonable Warnings

Commencing on or before the Effective Date, for any Products that are not reformulated, the LKK Inc. shall provide clear and reasonable warnings for all units of the Products offered for sale on amazon.com and other websites and sold to any purchaser with a shipping address in California as set forth below in this Section 2 containing the following elements:

2.3.1 A symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. Where the sign, label or shelf tag for the product is not printed using the color yellow, the symbol may be printed in black and white. The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word "WARNING".

2.3.2 The word “**WARNING**” in all capital letters and bold print, and:

2.3.3 The words, “This product can expose you to lead, which is known to the State of California to cause cancer and birth defects or other reproductive harm (male). For more information go to www.P65Warnings.ca.gov.”

2.4. On-Product Warning - An on-product warning may be provided using all the following elements:

2.4.1 The symbol required in subsection 2.3.1.

2.4.2 The word “**WARNING**” in all capital letters, in bold print.

2.4.3 The words “Cancer and Reproductive Harm - www.P65Warnings.ca.gov.”

2.5. Placement of Warning - a warning meets the requirements of this Section if it complies with the content requirements in 2.3 or 2.4 and is provided using one or more of the following methods:

2.5.1 A product-specific warning provided on a posted sign, shelf tag, or shelf sign, for the consumer product at each point of display of the product.

2.5.2 A product-specific warning provided via any electronic device or process that automatically provides the warning to the purchaser prior to or during the purchase of the consumer product, without requiring the purchaser to seek out the warning.

2.5.3 A label that complies with the content requirements in 2.3.

2.5.4 An on-product warning that complies with the content requirements in 2.4. The entire warning must be in a type size no smaller than the largest type size used for other consumer information on the product. In no case shall the warning appear in a type size smaller than 6-point type.

2.6. Internet Warning – For internet purchases, a warning that complies with the content requirements of this Section 2 must be provided by including either the warning or a clearly marked hyperlink using the word “**WARNING**” on the product display page, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase. If an on-product warning is provided pursuant to 2.4, the warning provided on the website may use the same content as the on-product warning. For purposes of this subsection, a warning is not prominently displayed if the purchaser must search for it in the general content of the website.

2.7 Catalog Purchases - For catalog purchases, the warning must be provided in the catalog in a manner that clearly associates it with the item being purchased. If an on-product warning is being provided pursuant to 2.4, the warning provided in the catalog may use the same content as the on-product warning.

2.8 Compliance with Regulations.

LKK Inc. shall be deemed to be in compliance with this Settlement Agreement by either adhering to §§ 2.2 - 2.7 of this Settlement Agreement or by complying with warning requirements and/or safe harbor levels adopted by the State of California's Office of Environmental Health Hazard Assessment ("OEHHA").

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

In full satisfaction of all potential civil penalties and attorney's fees, costs and any other expenses incurred by CPA or its counsel. LKK Inc. shall pay the total Settlement amount of Sixteen Thousand Dollars (\$16000) (The "Settlement Amount") as set forth below.

3.1 Civil Penalties to Health & Safety Code 25249.7 (B):

One Thousand Dollars of the Settlement Amount shall be considered a "civil penalty" pursuant to California Health and Safety Code. LKK Inc. shall issue two separate checks within 15 (15) business days of the Effective Date or the date of LKK Inc.'s receipt of CPA's W-9s, whichever is later, for a total amount of One Thousand Dollars (\$1000) as follows, and all payments shall be delivered to the addresses listed below.

3.1.1 One Check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of Seven Hundred and Fifty Dollars (\$750), representing 75% of the total civil penalty; and

3.1.2 One check payable to "Clean Product Advocates, LLC" in the amount of Two Hundred Fifty Dollars (\$250), representing 25% of the total civil penalty.

3.2 Attorney's Fees and Costs:

Fifteen Thousand Dollars (\$15,000) of the total Settlement Amount shall be paid to Cliffwood Law Firm, PC within ten (10) days of the Effective Date, as CPA's attorneys, for reasonable investigation fees, and costs, attorney's fees, and any other cost incurred as a result of investigating and bringing this matter to LKK Inc.'s attention.

4. PAYMENT PROCEDURES

4.1 All Payments owed to OEHHA, pursuant to section 3.1(a) shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties NOV #2022-02746") at the following address:

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

4.2 All Payments owed to CPA, pursuant to Section 3.1(b) shall be delivered to:

c/o CPA
Attn: Elham Shabatian
Cliffwood Law Firm, PC
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

4.3 All Payments owed to Cliffwood Law Firm, PC pursuant to Section 4.3, shall be delivered to:

Cliffwood Law firm, PC
Attn: Elham Shabatian
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

4.4 **PROOF OF PAYMENT**

A copy of each check payable to OEHHA, shall be mailed to Cliffwood Law firm, PC, simultaneous with payment to Cliffwood Law Firm, PC at the address set forth above, as proof of payment to OEHHA.

5. **RELEASE OF ALL CLAIMS**

5.1. **Release of LKK Inc., Downstream Customers and Upstream Vendors**

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, CPA, on behalf of itself and its respective owners, principals, shareholders, officers, directors, employees, parents, subsidiaries its past and current agents, representatives, attorneys, successors and/or assignees (collectively, "Releasers"), hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and fully 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) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against (a) LKK Inc. (b) each of LKK Inc.'s downstream distributors in the stream of commerce (including but not limited to Walmart.com and any other upstream or downstream entities in the distribution chain for the Products, including, but not limited to, manufacturers, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, third-party re-sellers, and users, (c) LKK Inc. 's parent companies, corporate affiliates, subsidiaries, affiliates, doing business as entities ("DBAs"), successor companies, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities, and (d) the employees, shareholders, officers, directors, members, managers, equity owners, insurers, attorneys, predecessors, successors and assigns of any of the entities identified in subsection (a) and (c), above (collectively "Releasees"). CPA

also, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and *not* in its representative capacity, provides a general 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 any nature, character or kind, known or unknown, suspected or unsuspected, against LKK Inc. and the Releasees.

5.2 LKK Inc.'s Release of CPA

LKK Inc., on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against CPA, her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by CPA 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 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. CPA on behalf of itself only, on one hand, and LKK Inc., on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through the Effective 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.

CPA and LKK Inc. each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

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 as to the Products, then LKK Inc. shall have no further obligations pursuant to this Settlement Agreement.

7. 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) electronic mail; or (ii) overnight courier on any party by the other party at the following addresses:

For Lee Kum Kee USA Inc. .:

Mr. Steven Taber,
Leech Tishman Fuscaldo & Lampl, Inc.
200 South Los Robles Avenue, Suite 300
Pasadena, CA 91101

For Clean Product Advocates, LLC:

Elham Shabatian Esq.
Cliffwood Law Firm, PC
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

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

8. COUNTERPARTS; FACSIMILE/E-SIGNATURES

This Settlement 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.

9. 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 all related prior discussions

10. MODIFICATION

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

11. 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: August 28, 2023



Simon Wu
President
Lee Kum Kee USA Inc.

Date: August 28, 2023



Elham Shabatian, Esq.
Cliffwood Law Firm, PC
Attorney for
Clean Product Advocates, LLC