

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Clean Product Advocates, LLC and Ajishima Foods (Shanghai) Co., LTD.

This Settlement Agreement is entered into by and between Clean Products Advocates, LLC ("CPA"), on the one hand, and Ajishima Foods (Shanghai) Co., LTD. ("Ajishima"), on the other hand, with CPA and Ajishima collectively referred to as the "Parties."

1.2. General Allegations

CPA alleges that Ajishima manufactured and distributed and offered for sale in the State of California "Nori Komi Furikake Rice Seasoning" 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 and Lead Compounds ("Lead") under Proposition 65 as a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

1.3. Product Description

The products that are covered by this Settlement Agreement are defined as rice seasoning that is manufactured, imported, sold, offered for sale or distributed in California by Ajishima, including Nori Komi Furikake Rice Seasoning. All such items shall be referred to herein as the "Products."

1.4. Notice of Violation

On July 12, 2022, CPA served JFC International Inc.; Galleria Foods Wholesale; Hong Chang Corp.; 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"), alleging violations of California Health & Safety Code section 25249.6 for failing to warn consumers that the Products exposes them to Lead. On January 17, 2023, CPA amended the Notice to add Ajishima as an alleged violator ("Amended Notice"). To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice and Amended 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 and Amended Notice concerning compliance with Proposition 65. Ajishima denies the material factual and legal allegations contained in CPA's Notice and Amended 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 Ajishiima 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 Ajishima of any fact, binding, conclusion, issue of law, or violation of law, such being specifically denied by Ajishima on its behalf. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Ajishima 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

After the Effective Date, Ajishima, at its sole discretion, agrees that it will manufacture, import, or otherwise source Products for authorized sale in California that either (a) satisfy the Reformulation Standard, as defined pursuant to Section 2.1 below; or (b) provide a clear and reasonable Proposition 65 warning for the Products pursuant to Section 2.2 below. Products that were manufactured, packaged, labeled, distributed, marketed, imported, sold, shipped for sale, offered for sale, supplied or contracted to be supplied to third parties by Ajishima prior to six (6) months after the Effective Date shall be deemed exempt from the requirements of this Section and from Proposition 65 enforcement and shall be permitted to be sold through as previously manufactured, packaged and labeled.

2.1. 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 where the exposure does not exceed 0.5 micrograms of Lead per day ("Reformulation Standard"). For the Purpose of this Agreement, the micrograms of Lead exposure per day from the Products shall be calculated using the following formula: The concentration of Lead in the Product in micrograms per gram (excluding naturally occurring amounts of Lead pursuant to Title 27 of the California Code of Regulations, § 25501), multiplied by the mass of the Product per serving in grams (using the largest serving size appearing on the product label), multiplied by the number of servings of the Product per day (using the largest number of servings recommended on the Product label).

2.2. Warning Option

Products that do not meet the Reformulation Standard set forth in Section 2.1 above, or Products as to which Ajishima otherwise reasonably believes a Proposition 65 warning is required for Lead, shall be accompanied by a warning as set forth in this Section.

(a) Ajishima shall display one of the following warning statements on the packaging label of the Products:

(1) **WARNING:** Consuming this product can expose you to chemicals including Lead, which is 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"

(2) **WARNING:** [Cancer and] Reproductive Harm- www.P65Warnings.ca.gov/food

Ajishima may include "cancer and" in the warning at its sole discretion. Ajishima may also include the names of additional chemicals in the warning if they are present in the Products at a level that Ajishima reasonably believes would require a Proposition 65 warning.

(b) The requirements for warnings, set forth in subsection (a) above, are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive methods of providing a warning under Proposition 65 and its implementing regulations. Ajishima shall be deemed to be in compliance with the warning requirements of this Settlement Agreement by either adhering to this Section 2.2 or by otherwise complying with the Proposition 65 warning regulations adopted by the State of California Office of Environmental Health Hazard Assessment ("OEHHA") as of or after the Effective Date.

(c) If Proposition 65 warnings for Lead should no longer be required or other changes to Proposition 65 or its regulations result in a warning for the Products no longer being required, Ajishima shall have no further obligations pursuant to this Settlement Agreement.

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. Ajishima shall pay the total settlement amount of Twenty Thousand Dollars (\$20,000) (the "Settlement Amount") as set forth below.

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

Three Thousand Dollars of the Settlement Amount shall be considered a "civil penalty" pursuant to California Health and Safety Code. Ajishima shall issue two separate checks within twenty (20) days of the Effective Date for a total amount of One Thousand Five Hundred Dollars (\$1,500.00) as follows, and all payments shall be delivered to the addresses listed below.

3.1 (a) One Check made payable to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of One Thousand One Hundred and Twenty Five Dollars (\$1,125.00), representing 75% of the total civil penalty; and

3.1 (b) One check payable to "Clean Product Advocates, LLC" in the amount of Three Hundred and Seventy Five Dollars (\$375.00), representing 25% of the total civil penalty.

3.2 Attorney's Fees and Costs:

Eighteen Thousand Five Hundred Dollars (\$18,500.00) of the total Settlement Amount shall be paid to Cliffwood Law Firm, PC within twenty (20) 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 Ajishima'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 #2022-02690 and 2023-000167") 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 3.2, 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 Ajishima, 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 past and current owners, principals, shareholders, officers, directors, members, managers, employees, parents, subsidiaries, agents, representatives, attorneys, predecessors, 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 waives 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) of any nature whatsoever, whether known or unknown, fixed or contingent arising from Proposition 65 or any other law (collectively "Claims"), against (a) Ajishima (b) each of Ajishima's downstream distributors in the stream of commerce and retailers (including, but not limited to, Ajishima Foods Co., Ltd.; JFC International Inc.; Galleria Foods Wholesale; and Hong Chang Corp.) 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) the respective parent companies, sister entities, subsidiaries, affiliates, doing business as entities ("DBAs"), assigns, predecessors, and successors of any of the entities or individuals identified in subsections (a) and (b) above, and (d) the respective officers, directors, attorneys, representatives, shareholders, agents, employees, members, managers, equity owners, insurers, and attorneys of any of the entities or individuals identified in subsections (a), (b) and (c) above (collectively, (a), (b), (c) and (d) shall be considered the "Releasees"). CPA also, on behalf of itself and other Releasers 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 Ajishima and the other Releasees.

5.2 Ajishima's Release of CPA

Ajishima, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby releases any and all claims against CPA, its attorneys and other representatives, for any and all actions taken or statements made by CPA and/or its attorneys and other representatives in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter 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 Ajishima on behalf of itself only, 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 Ajishima 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 or Lead, then Ajishima 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 Ajishima America, Inc.:

ATTN: Ms. Lu Pi Yen
AJISHIMA FOODS (SHANGHAI) CO.,LTD.
No.788 Hui Cheng Road,
Nan Hui Industrial Park,
Pudong New Area,
Shanghai, China. 201399

Peter Duchesneau
Manatt, Phelps, & Phillips, LLP
2049 Century Park East
Los Angeles, CA 90067
pduchesneau@manatt.com

For Clean Product Advocates, LLC:

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

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

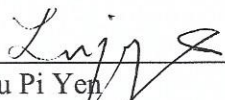
This Settlement Agreement may be modified only by a written agreement signed by both of the Parties.

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: May 15 , 2023



Name: Lu Pi Yen

Title: Manager

Ajishima Foods (Shanghai) Co.,
LTD.

Date: May¹⁷ , 2023



Elham Shabatian, Esq.

Cliffwood Law Firm, PC
Attorney for
Clean Product Advocates, LLC