

SETTLEMENT AND RELEASE AGREEMENT

1. **INTRODUCTION**

1.1. **Parseghian and Inventure Foods, Inc.:**

This Settlement Agreement is entered into by and between Berj Parseghian (“Parseghian”), represented by his attorneys KJT Law Group, LLP on the one hand, and Inventure Foods, Inc. (“Inventure”), on the other hand, with Parseghian and Inventure collectively referred to as the “Parties.”

1.2. **General Allegations**

Parseghian alleges that Inventure distributed and offered for sale in the State of California Potato Chips, containing cadmium 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.* (“Proposition 65”). California has identified and listed cadmium 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 product covered by this Settlement Agreement is defined as “Sprouts Flavor No. Eleven – Hatch Chile Flavored – Potato Chips; UPC #: 6 46670 31728 6” that Inventure has sold, offered for sale, manufactured, or distributed in California. All such items shall be referred to herein as the “Covered Product.”

1.4. **Notice of Violation**

On April 6, 2023, Parseghian served Inventure and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with documents entitled “60-Day Notice of Violation” (“Notice”) that provided

Inventure and such public enforcers with notice that Inventure was allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Covered Product exposed users in California to cadmium. 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 Inventure's compliance with Proposition 65. Specifically, Inventure denies the allegations contained in Parseghian's Notice and maintains that all products that it has placed for sale and distribution in California, including the Covered Product, 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 Inventure 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 Inventure of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Inventure. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Inventure 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**

By the Effective Date, Inventure agrees to discontinue manufacturing the Covered Product for "Distribution into the State of California". The injunctive relief does not apply to any

Covered Product that was manufactured prior to the Effective Date and all claims as to such Covered Product are released in this Settlement Agreement. However, if Proposition 65 warnings for Cadmium should no longer be required, Inventure shall have no further injunctive obligations pursuant to this Settlement Agreement.

As used in this Settlement Agreement, the term "Distribution into the State of California" shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor that Inventure knows or has reason to know will sell the Covered Product in California.

3. CONSIDERATION

In settlement of all the claims referred to in this Settlement Agreement, the Parties reached an accord on the compensation due, under the private attorney general doctrine and principles of contract law. Under these legal principles, Inventure shall pay \$40,000.00 as settlement and for fees and costs, incurred as a result of investigating and bringing this matter to Inventure's attention.

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

In settlement of all the claims referred to in this Settlement Agreement, \$4,000.00 shall be considered a "civil penalty." The penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") (tax identification number: 68-0284486) and the remaining 25% of the penalty remitted to Parseghian.

5. REIMBURSEMENT OF FEES AND COSTS

In settlement of all the claims referred to in this Settlement Agreement, \$36,000.00 shall be considered reimbursement of Parseghian's attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice. The Parties reached an accord on the compensation due to Parseghian and its counsel under the private attorney general doctrine and principles of contract law.

6. PAYMENT INFORMATION

Inventure shall mail these payments within ten (10) days following the latter of the Effective Date or the receipt by Inventure's counsel of all of the following; (1) a fully executed copy of this Settlement Agreement, (2) payment instructions, and (3) IRS W-9 forms for the payments for Parseghian and KJT Law Group, LLP. The payments shall be mailed to the following addresses respectively:

All payments owed to Plaintiff and for attorneys' fees, shall be delivered to the following payment address:

KJT LAW GROUP LLP
230 N. Maryland Avenue, Suite 306
Glendale, CA 91206

All payments owed to OEHHA shall be delivered directly to OEHHA at the following addresses:

For United States Postal Delivery:

Mike Gyurics
Senior Accounting Officer -- MS 19-B
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA. 95812-0410

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

7. RELEASE OF ALL CLAIMS

7.1. Release of Inventure, 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 through 6 above, Parseghian, on behalf of himself, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Covered Product, 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 Inventure, and its respective equity owners, parents, subsidiaries, affiliates, sister and related entities upstream manufacturers, vendors, ingredient suppliers, distributors and retailers – including but not limited to Sprouts Farmers Market – for any alleged violations of Proposition 65, or any other alleged violation of statutory or common law, arising from alleged exposures to cadmium in relation to the Covered Product, up through the Effective Date.

Parseghian acknowledges that the claims released in this section may include unknown claims, and nevertheless waives 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.

Parseghian, in his capacity, expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of California Civil Code §1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters. Parseghian acknowledges and understands the significance and consequences of this specific waiver of California Civil Code § 1542.

8. 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 Covered Product, then Inventure shall have no further obligations pursuant to this Settlement Agreement.

9. 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 courier on any party by the other party at the following addresses:

For Inventure: Brett N. Taylor, Esq.
 Cozen O'Connor
 601 S. Figueroa Street, Suite 3700
 Los Angeles, CA 90017

and

Amore Hummel, Esq.
One Liberty Place
1650 Market Street Suite 2800
Philadelphia, PA 19103

and

Richard Fama, Esq.
Cozen O'Connor
WTC, 175 Greenwich Street, 55th Floor
New York, NY 10007

For Parseghian: Tro Krikorian, Esq.
KJT Law Group, LLP
230 N. Maryland Ave., Suite 306
Glendale, CA 91206

Any 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.

10. DISMISSAL OF LAWSUIT

Parseghian agrees to dismiss the lawsuit *Berj Parseghian v. Sprouts Farmers Market, Inc.* Case No. 22STCV36470 filed in the Los Angeles Superior Court with prejudice within ten (10) days after Plaintiff's counsel's receipt of the settlement payment.

11. PUBLIC BENEFIT

It is Inventure's understanding that the commitments it has agreed to herein, and actions to be taken by Inventure 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 Inventure that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Inventure's failure to provide a warning concerning exposure to cadmium prior to the sale or use of the Covered Products it has manufactured, caused to be manufactured, distributed, sold, or offered for sale in California, or will manufacture, cause to be manufactured, 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 Covered Products addressed in this Settlement Agreement, provided that Inventure is in material compliance with this Settlement Agreement.

12. 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.

13. 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, negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

14. MODIFICATION

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

15. DRAFTING

No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion of this Agreement. It is conclusively presumed that the Parties participated equally in the preparation and drafting of this Agreement.

16. 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.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have agreed, accepted, and executed this Agreement on the date written.

Executed on 8/1/2023, at Pasadena, California.

DocuSigned by:
BERJ PARSEGHIAN
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Berj Parseghian

Executed on July 12, 2023, at Hanover, Pennsylvania.

Inventure Foods, Inc.
Theresa R Shea
By: Theresa R. Shea
Its: General Counsel