

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Consumer Protection Group, LLC and Grocery Outlet, Inc.

This Settlement Agreement is entered into by and between Consumer Protection Group, LLC (“CPG”), on the one hand, and Grocery Outlet, Inc. (“Grocery Outlet”), on the other hand, with CPG and Grocery Outlet collectively referred to as “Parties”.

1.2 General Allegations

CPG alleges that Grocery Outlet has exposed individuals to Di (2-ethyl-hexyl) phthalate (DEHP) from its sales of Pop Up Beach Tents, UPC No. 086467007776 without first providing users and consumers of the product with a clear and reasonable health hazard exposure warning as required pursuant to Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm.

CPG also alleges that Grocery Outlet has exposed individuals to Di (2-ethyl-hexyl) phthalate (DEHP) from its sales of Regular Sized and Jumbo Food Covers—Reusable Pouch, UPC # 763562047189 and UPC # 763562047196 without first providing users and consumers of the product with a clear and reasonable health hazard exposure warning as required pursuant to Proposition 65.

1.3 Product Description

The products covered by this Settlement Agreement are defined as Pop Up Beach Tents and Regular Sized and Jumbo Food Covers—Reusable Pouch

(the “Covered Products”) that Grocery Outlet manufactured, imported, distributed, and/or sold in California.

1.4 **Notices of Violation**

On May 8, 2023, May 11, 2023, and April 23, 2024, CPG served Grocery Outlet 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” that provided Grocery Outlet, and such public enforcers with notice that Grocery Outlet was allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn California consumers and customers that the Covered Products can expose users in California to DEHP.

To the best of the Parties’ knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the May 8, 2023, May 11, 2023, and April 23, 2024, Notices (collectively the “Notices”).

1.5 **No Admission**

Grocery Outlet enters into this Settlement Agreement as a full and final settlement of all claims that were raised in the Notices as to the Covered Products, and solely to avoid potentially prolonged and costly litigation. Grocery Outlet denies the material factual and legal allegations contained in the Notices, maintains that it is not subject to personl jurisdiction in California, and that the Covered Products sold/distributed, have been and are in compliance with all laws, and are completely safe for their intended use. Nothing in this Settlement Agreement shall be construed as an admission against interest by Grocery Outlet of any fact, finding, issue of law, or violation of law; including, but not limited to any fact or conclusion of law suggesting or demonstrating that Grocery

Outlet has sold any products the Covered Products in California, or that it has violated Proposition 65, or that it is subject to personal jurisdiction in California, nor shall compliance with this Settlement Agreement constitute or be construed as an admission against interest by Grocery Outlet of any of the above, such being specifically denied by Grocery Outlet. Nothing in this Settlement Agreement shall prejudice, waive or impair any right, remedy, argument or defense Grocery Outlet may have in this or any other future legal proceedings, including Grocery Outlet's position that it is not a person in the course of doing business under Proposition 65, nor that it is not subject to personal jurisdiction in California. This Settlement Agreement is the product of negotiation and compromise and is accepted by Grocery Outlet solely for purposes of settling, compromising, and resolving issues disputed in the Notices. However, this Section 1.5 shall not diminish or otherwise affect the Parties' 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 date this agreement has been fully executed by the Parties.

2. **INJUNCTIVE RELIEF: WARNING**

2.1 **Commitment to Reformulate or Warn**

As of 60 days after the Effective Date, Grocery Outlet shall not sell or offer the Covered Products for sale in the State of California unless they are "Reformulated

Products” as defined in Section 2.2 or Grocery Outlet provides warnings as outlined in Section 2.3.

2.2 **Reformulation Standards**


Reformulated Covered Products” means Covered Products that contain concentrations less than or equal to 0.1% (1,000 parts per million (“ppm”)) of DEHP. Reformulated Covered Products do not require a Proposition 65 warning hereunder.

2.3 **General Warning Requirements**

The warning requirements set forth in this Section 2 shall apply only to Covered Products that Grocery Outlet distributes, markets, sells, or ships for sale in the State of California more than 60 days after the Effective Date that has not been reformulated as set forth in Section 2.2. There shall be no obligation for Grocery Outlet to provide a warning for any Covered Products that are not Reformulated Products that are manufactured or otherwise enter the stream of commerce prior to 60 days after the Effective Date.

2.4 **Warning Language Requirements**

Any warnings provided pursuant to this Section 2 shall be provided with such conspicuousness, as compared with other words, statements, or designs as to render it reasonably likely to be read and understood by an ordinary individual under customary conditions of purchase or use. Where required, Grocery Outlet must provide one of the following Proposition 65 warnings:

 **[CALIFORNIA PROP. 65] WARNING:** This product can expose you to chemicals including Di (2-ethylhexyl) phthalate (DEHP), 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.

Or

⚠ CALIFORNIA WARNING: Can expose you to chemicals including Di (2-ethylhexyl) phthalate (DEHP) a carcinogen and reproductive toxicant
www.P65Warnings.ca.gov

This shall constitute compliance with Proposition 65 with respect to DEHP in the Covered Products. The provisions of Section 2 shall not apply to any of the Covered Products that are already in the stream of commerce or existing inventory. Where a warning label is used for a Covered Product whose labeling includes consumer information as defined by California Code of Regulations title 27 §25600.1(c) in a language other than English, the warning must also be provided in that language in addition to English. Should Grocery Outlet sell or distribute any Covered Products that are not reformulated through the internet to California the warning will be provided in the manner set forth in 27 CCR sections 25601 and 25602, or as either section may be subsequently amended.

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

In settlement of all the claims for monetary relief of any kind referred to in this Settlement Agreement and the Notices (except for CPG's attorney's fees set forth in Section 4 below), Grocery Outlet shall pay a total of four thousand dollars (\$4,000) in civil penalties in accordance with this Section. 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") and the remaining 25% of the penalty remitted to CPG. CPG's counsel shall

be responsible for delivering OEHHA's portion and CPG's portion of any penalty payment made under this Settlement Agreement.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to CPG and its counsel under the Private Attorney General doctrine and principles of contract law. Under these legal principles, Grocery Outlet shall reimburse CPG's counsel for fees and costs incurred as a result of investigating and bringing this matter to Grocery Outlet's attention and negotiating this settlement agreement. Grocery Outlet shall pay Consumer Protection's counsel a total of fifty-one thousand dollars (\$51,000) in complete resolution of any claim for attorneys' fees, expert and investigation fees, and all costs and expenses of any kind incurred in this matter, including, but not limited to all attorney's fees and costs incurred for investigating, testing, consulting with experts, bringing this matter to the attention of Grocery Outlet, and negotiating this settlement agreement.

5. PAYMENT INFORMATION

Within thirty (30) business days of the Effective Date, Grocery Outlet shall make a total payment of fifty-five thousand dollars (\$55,000) for the civil penalties and attorney's fees/expenses set forth above to Plaintiff's counsel, Blackstone Law APC by wire transfer. Plaintiff's counsel will provide Grocery Outlet with wire instructions and tax forms concurrent with the full execution of this settlement agreement. The Parties acknowledge that Grocery Outlet cannot issue any settlement payments until after Grocery Outlet receives the requisite wire instructions and W-9 forms from CPG's counsel, and CPG agrees to provide such information to Grocery Outlet no later than five (5) business days

after the Effective Date. Other than this payment, each side is to bear its own attorneys' fees and costs.

6. RELEASE OF ALL CLAIMS

6.1 CPG's Release of Grocery Outlet, 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, 4 and 5 above, CPG, in its individual capacity, and on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, 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 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) Grocery Outlet including its parents, shareholders, members, directors, officers, managers, employees, representatives, agents, attorneys, divisions, subdivisions, subsidiaries, partners, sister companies, and affiliates, and their predecessors, successors and assigns; and (b) each of Grocery Outlet's suppliers, including without limitation Ningbo Ego Intl Co Ltd and Product Design Canopy, vendors, downstream distributors, retailers, wholesalers, licensors, licensees, auctioneers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users (collectively the "Releasees").

CPG also, in its individual capacity, on behalf of itself, its past and current agents, 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 Grocery Outlet and the Releasees with regards to the Covered Products. CPG acknowledges that it is familiar with California Civil Code section 1542, which provides 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 RELEASING PARTY.

CPG in its individual capacity only, and on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees 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 section 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. The release in this section shall have no force or effect until payments for the full amount set forth in above Sections 3, 4 and 5 are paid in full to Blackstone Law, APC by Grocery Outlet.

6.2 **Grocery Outlet's Release of Consumer Protection Group, LLC.**

Grocery Outlet waives any and all claims against CPG, its attorneys and other representatives, for any and all actions taken, or statements made (or those that could have been taken or made) by CPG and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Covered Products. Grocery Outlet represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Grocery Outlet to this Settlement Agreement.

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

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 Products, then Grocery Outlet shall have no further obligations pursuant to this Settlement Agreement, but shall have no recourse to claw back payments already made in accordance with Section 3, 4 and 5 of 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 Grocery Outlet: Joshua Bloom
Bay Law Group LLP
P.O. Box 8554
Berkeley, CA 94707

For CPG: Jonathan M. Genish
8383 Wilshire Blvd., Suite 745
Beverly Hills, CA 90211

Any party, from time to time, may specify in writing to the other party a change of email 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 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.

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

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

12. ENTIRE AGREEMENT

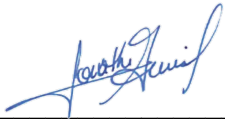
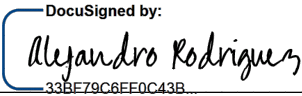
This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

13. MODIFICATION

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

14. 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.

<p style="text-align: center;">AGREED TO:</p> <p>Date: April 1, 2025</p> <p>By:  On Behalf of Consumer Protection Group, LLC</p>	<p style="text-align: center;">AGREED TO:</p> <p>Date: 4/1/2025 08:11:56 PDT</p> <p>By:  On Behalf of Grocery Outlet, Inc.</p>
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