

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between EnviroProtect, LLC (“EP”) on the one hand and Enchante Accessories, Inc. (“EAI”) on the other hand, with EAI and EP each individually referred to as a “Party” and collectively as the “Parties.”

1.2 Introduction and General Allegations.

1.2.1 EP is a limited liability company duly organized and existing in the State of California, which seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products.

1.2.2 EP alleges that EAI and/or Ross Stores, Inc. and (“Ross”) employs ten or more persons, and EP alleges that EAI 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 section 25249.6 *et seq.* (“Proposition 65”).

1.2.3 EP alleges that EAI imported, sold, and/or distributed for sale in California Covered Products, as defined below that contain Di-n-butyl phthalate (“DBP”), a chemical pursuant to Proposition 65 listed by the State of California to cause developmental and reproductive toxicity. EP further alleges that EAI failed to provide the health hazard warning required by Proposition 65 for exposures to DBP from the Covered Products.

1.3 Product Description.

The products covered by this Settlement Agreement are the Beauty Intuition Backpack and the Beauty Intuition Bath Caddy, including but not limited to the sandal straps (“Covered Products”).

1.4 60 Day Notices of Violation and Exchange of Information.

On June 21, 2023 and July 11, 2023, EP served Ross Stores, Inc. (“Ross”), and EAI and the requisite public enforcement agencies with two 60-Day Notices of Violation (“Notices”), related to the Covered Products, alleging that the Covered Product violated Proposition 65 concerning alleged exposures to DBP from the Covered Products.

EP subsequently provided EAI with test results in EP’s possession concerning its allegations. EAI provided EP with sales data related to the Covered Products. To the best of the Parties’ knowledge, no public enforcer has commenced and 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 the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65. Specifically, EP alleges that EAI imported, manufactured, sold or distributed for sale in the state of California, Covered Products which contained DBP without first providing the clear and reasonable exposure warning required by Proposition 65. EAI believes the Covered Products were compliant with all laws and specifically denies that such a warning is required under Proposition 65 or any otherwise applicable law.

EAI further denies the material, factual, and legal allegations contained in the Notices and maintains that all of the products that it has imported, manufactured and/or sold and distributed in California, including the Covered Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by EAI 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 EAI of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by EAI. This Section shall not, however, diminish or otherwise affect EAI’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 date the Agreement is fully executed by the Parties.

2. **INJUNCTIVE RELIEF: REFORMULATED PRODUCTS**

2.1 **Reformulation Standard.** Covered Products that EAI manufactures to be sold in or into California after the Effective Date shall be deemed to comply with Proposition 65, and be exempt from any Proposition 65 warning requirements with respect to DBP if the Covered Products meet the standard of "Reformulated Products." "Reformulated Products" shall mean Covered Products containing less than or equal to 1,000 parts per million (0.1%) DBP in each Accessible Component when analyzed pursuant to Environmental Protection Agency testing methodologies 3580A and 8270C, CPSC-CH-C1001-09.3 or any other methodologies approved by federal or state agencies for the purpose of determining DBP content in a solid substance ("Reformulation Standard"). Covered Products, currently in the channels of distribution with distributors and retailers may continue to be sold-through.

2.2 **Warning Option.** Covered Products that do not meet the Reformulation Standard set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 below. This warning shall only be required as to Covered Products that are sold or shipped out to consumers, retailers, or distributors in California after the Effective Date. No Proposition 65 warning for DBP shall be required as to any Covered Products that are already in the stream of commerce as of the Effective Date.

2.3 **Warning Language.** Commencing on the Effective Date, EAI shall ensure that any unreformulated Covered Products that it ships to California retailers or for sale in California include a clear and reasonable warning. The warning shall be affixed to the packaging or labeling. The triangle must have a yellow body with a black exclamation point, and include the language set out in the warnings below:

⚠ WARNING: This product can expose you to chemicals including Di-n-butyl phthalate (DBP), which are known to the State of California to cause developmental and reproductive harm. For more information go to www.P65Warnings.ca.gov.

OR

⚠ **WARNING:** Developmental and Reproductive Harm - www.P65Warnings.ca.gov.

The warning shall be prominently displayed 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 is reasonably likely to understand to which specific Product the warning applies, so as to minimize the risk of consumer confusion. In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting warning text and/or methods of transmission different than those set forth above, EAI shall be entitled to use, at its discretion, such other warning text and/or methods of transmission with respect to the Covered Products without being deemed in breach of this Agreement

2.4 **Internet Warnings.** For any Covered Products sold by EAI through the internet, the relevant warnings shall comply with the requirements of 27 Cal. Code Regs. § 25602(b), effective August 30, 2018.

2.5 **Accessible Component.** The term “Accessible Component” shall mean any component of the Covered Product that could be touched by a person during reasonably foreseeable use.

3. **CIVIL PENALTY PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)**

EAI shall pay a civil penalty of \$2,000.00 to be apportioned in accordance with California Health & Safety Code §§25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty remitted to EP. EAI shall issue two separate checks for the penalty payment: (a) one check made payable to the Kawahito Law Group in Trust for the State of California's Office of Environmental Health Hazard Assessment (“in Trust for OEHHA”) in the amount of \$1,500.00 representing 75% of the initial civil penalty and (b) one check to “Kawahito Law Group in Trust for EnviroProtect” in the amount of \$500.00, representing 25% of the initial civil penalty. Two separate 1099s shall be issued for the above payments: The first

1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486). The payment shall be delivered within ten (10) business days of the Effective Date to the following address:

James Kawahito, Esq.
Kawahito Law Group APC
300 Corporate Pointe Ste 340
Culver City, CA 90230

Payment may also be made by wire or ACH or wire transfer. Instructions will be provided separately upon request.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that EP and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving any fee reimbursement issue to be resolved after the material terms of the agreement had been settled. The parties reached an accord on the compensation due to EP and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) § 1021.5, for all work performed through the mutual execution of this agreement. More specifically, EAI shall pay the total amount of \$27,000.00 for fees and costs incurred by EP as a result of investigating, bringing this matter to the attention of EAI, and negotiating a settlement. EAI shall wire the funds (instructions will be provided upon request) or make payment by check payable to "Kawahito Law Group APC." The payment shall be delivered within ten (10) business days of the Effective Date, to the following address:

James Kawahito, Esq.
Kawahito Law Group APC
300 Corporate Pointe Ste 340
Culver City, CA 90230

Kawahito Law Group shall provide a W-9 prior to payment. The payments set forth in Section 3 and 4 are the exclusive payments due under this Agreement from EAI to EP.

5. RELEASE OF ALL CLAIMS

5.1 Full, Final and Binding Resolution of Proposition 65 Allegations.

EP, on behalf of itself, its past and current agents, members, owners, principals, shareholders, officers, directors, parents, subsidiaries, representatives, attorneys, successors and/or assignees, fully releases (a) EAI each of its respective equity owners, parents, subsidiaries, affiliates, sister and related companies, (b) their upstream suppliers and all downstream entities in the stream of commerce including but not limited to distributors, wholesalers, customers, retailers (including Ross and Enchante Accessories, Inc.), franchisees, cooperative members, and licensees, and (c) the , shareholders, directors, officers, employees, agents, members, managers, equity owners, principals, insurers, accountants, representatives, attorneys, predecessors, successors, assignees, and licensors of any of the entities identified in subsections (a) and (b), above, (the entities identified in subsections (a), (b), and (c), above, are collectively referred to as “Releasees”) of any violation of Proposition 65 that was or could have been asserted, including any and all claims based on their alleged or actual failure to warn about alleged exposures to DBP contained in any Covered Products that were allegedly manufactured for sale into California on or before the Effective Date. The Release shall also cover any Covered Products that were in the stream of commerce prior to the Effective Date.

In further consideration of the promises and agreements herein contained, EP on behalf of itself, its past and current agents, members, owners, principals, shareholders, officers, directors, parents, subsidiaries, representatives, attorneys, successors and/or assignees, also hereby waives all of its rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims against EAI and Releasees that it or they may have including, without limitation, all actions, and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, expenses, investigative fees, expert fees, and attorneys’ fees for any and all claims arising under Proposition 65, and regarding the alleged or actual failure to warn about exposures to DBP in any Covered Products manufactured on or before the Effective Date.

5.2 EAI’S Release of EP.

EAI on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against EP, its attorneys and other representatives, for any and all actions taken or statements made by EP and its attorneys and

other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Covered Products.

5.3 Public Benefit.

It is the Parties' position that the commitments they have agreed to herein, and actions to be taken by EAI 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 EAI that to the extent any other private party initiates any action alleging a violation of Proposition 65 with respect to EAI and/or any Releasees relating to the Covered Products they have manufactured, distributed, sold, or offered for sale in California and that are subject to this Settlement Agreement, such private party action would not confer a significant benefit on the general public as to the Covered Products addressed in this Agreement, provided that EAI is in material compliance with this Settlement Agreement.

5.4 Enforcement of Settlement Agreement.

Any party may file suit before the Superior Court of the County of Los Angeles to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any provision of this Settlement Agreement is deemed 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. 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; (c) a recognized overnight courier; or (d) by email to designated agent of Party indicated below, to the other Party at the following addresses:

For Notices to EAI:	Enchante Accessories, Inc. 16 East 34 Street, 16th Floor New York, NY 10016
with a copy to:	Carol Brophy, Esq. Steptoe & Johnson LLP 633 West Fifth Street, Suite 1900 Los Angeles, CA 90071 dadham@Steptoe.com
For Notices to EP:	EnviroProtect, LLC. 3142 W. 59 th Pl. Los Angeles, CA 90043 Email: enviroprotectca@gmail.com
with a copy to:	James K. Kawahito, Esq. Kawahito Law Group APC Attn. EP v. EAI 300 Corporate Pointe Ste 340 Culver City, CA 90230 jkawahito@kawahitolaw.com

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.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile 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.

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

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

11. MODIFICATION

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

12. AUTHORIZATION

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


AGREED TO:

Date: 9/11/23

By: 
EnviroProtect, LLC

AGREED TO:

Date: 09/06/23

By: 
Enchante Accessories, Inc.