

SETTLEMENT AGREEMENT

1. **INTRODUCTION**

1.1 Parties

This settlement agreement ("Settlement Agreement") is entered into by and between CalSafe Research Center, Inc., ("CRC"), on the one hand, and Botanas Mexico, Inc., ("BMI" or "Defendant") on the other hand, with CRC and BMI each individually referred to as a "Party" and collectively as the "Parties."

1.2 General Allegations

CRC alleges in a 60-Day Notice of Violation originally dated June 8, 2023, and later amended on October 5, 2023, that BMI sells and/or distributes "Superior Grocers, Jamaica Hibiscus Flower (UPC# 813044013109)" in California that contains lead without a warning required by Health and Safety Code §§ 25249.5 *et seq.* ("Proposition 65") (the "Notice"). Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

1.3 Product Description

The product covered by this Settlement Agreement is defined as, and expressly limited to, "Superior Grocers, Jamaica Hibiscus Flower (UPC# 813044013109)" (hereinafter the "Product") that allegedly contains lead and that is manufactured, sold, or distributed for sale in California by BMI.

1.4 Notice of Violation

On October 5, 2023, CRC served the amended Notice on BMI, the California Attorney General and the other requisite public enforcers, alleging that BMI violated Proposition 65 when it failed to warn consumers in California of the alleged exposures to lead from the Product.

To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting an action to enforce the violations alleged in the Notice.

1.5 No Admission

BMI denies the material factual and legal allegations in the Notice and maintains that all of the products it sold and/or distributed for sale in California, including the Product, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by BMI or any of its officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers 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 BMI or any of its officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, or retailers of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by BMI. This Section shall not, however, diminish or otherwise affect BMI'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 on which a complete and fully executed copy of this Settlement Agreement is exchanged by the Parties' counsel.

1.7 Compliance Date

For purposes of this Settlement Agreement, the term "Compliance Date" shall mean the date that is ninety (90) days after the Effective Date.

2. INJUNCTIVE RELIEF

2.1 Clear and Reasonable Warnings

Beginning on the Compliance Date, BMI shall be permanently enjoined from manufacturing for sale in the State of California, "Distributing into the State of California," or directly selling in the State of California the Product unless it meets the warning requirements under Section 2.2.

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

2.2 General Warning Requirements

Any warning provided under this Agreement must be "clear and reasonable." BMI agrees that each warning shall be prominently placed 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 understands to which *specific* Product the warning applies, so as to minimize the risk of consumer confusion.

For purposes of this Settlement Agreement, a "clear and reasonable warning" for the Product shall consist of a warning affixed to the packaging, label, tag, or directly to each of the Product sold or distributed in California by BMI. The warning shall contain one of the following statements:

1) **WARNING:** Consuming this product can expose you to chemicals including lead, which are known to the State of California to cause cancer, 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.

The warning shall be enclosed in a box. BMI shall place the same warning on any websites where it sells the Product into California.

Where a consumer product sign, label or shelf tag used to provide a warning includes consumer information in language(s) other than English, the warning must also be provided in the other language(s) in addition to English.

(i) Changes in Warning Regulations or Statutes

In the event that the Office of Environmental Health Hazard Assessment, or a different lead agency designated in the future to oversee or implement Proposition 65, promulgates one or more regulations requiring or permitting warning text and/or methods of transmission different than those set forth above, BMI shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Agreement. If regulations or legislation are enacted or issued providing that a Proposition 65 warning for the product is no longer required, or if a court of competent jurisdiction finds that Proposition 65 warnings for exposures to lead in food products are no longer required, a lack of warning

will not thereafter be a breach of this Agreement.

2.3 Grace Period for Existing Inventory of Products

The injunctive requirements of Section 2 shall not apply to Product that was already manufactured as of the Compliance Date, which Product is expressly subject to the releases provided in Section 4.1.

3. MONETARY SETTLEMENT TERMS

3.1 Total Settlement Payment

In full satisfaction of all potential civil penalties, attorneys' fees, and costs, BMI shall make a total settlement payment of Thirty-One Thousand Dollars (**\$31,000.00**) ("Total Settlement Amount"). The Total Settlement Amount shall be apportioned into a Civil Penalty and Attorney's Fees and Costs as set forth in Sections 3.2 and 3.3 below.

3.2 Civil Penalty Payment

Pursuant to Health and Safety Code§ 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, BMI agrees to pay Three Thousand and One Hundred Dollars (**\$3,100.00**) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code§§ 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty amount retained by CRC. Within ten (10) days of the Effective Date, BMI shall issue a check to "OEHHA" in the amount in the amount of Two Thousand Three Hundred and Twenty-Five Dollars (**\$2,325.00**) and shall, pursuant to the instructions below, wire to CRC the amount of Seven Hundred and Seventy-Five Dollars (**\$775.00**).

All payments owed to OEHHA (EIN: 68-0284486) pursuant to this Section shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Delivery Service:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010, MS 19B
Sacramento, CA 95812-4010

For Non-United States Postal Delivery Service:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street MS #19B
Sacramento, CA 95814

All penalty payments owed to CRC shall be sent via wire to:

Wire & ACH Instructions:

Account Name: The Law Offices of Joseph R. Manning

Bank Name: J.P. Morgan Chase Bank, N.A.
Bank Address: 270 Park Ave. New York, NY. 10017
ACH Routing / ABA Number: 322271627
Wire Routing / ABA Number: 021000021
Account Number: 802922919

For further benefit of: Civil Penalty Payment File No. P65-0474

3.3 Attorney's Fees and Costs

The Parties reached an accord on the compensation due to CRC and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, within ten (10) days of the Effective Date, BMI agrees to pay Twenty-Seven Thousand and Nine Hundred Dollars (**\$27,900.00**) to CRC and its counsel for all fees and costs incurred in investigating, bringing this matter to the attention of BMI, and negotiating a settlement.

The payment shall be sent via wire to:

Wire & ACH Instructions:

Account Name: The Law Offices of Joseph R. Manning
Bank Name: J.P. Morgan Chase Bank, N.A.
Bank Address: 270 Park Ave. New York, NY. 10017
ACH Routing / ABA Number: 322271627
Wire Routing / ABA Number: 021000021
Account Number: 802922919

For further benefit of: Attorney's Fees and Costs File No. P65-0474

3.4 Tax Documentation

BMI agrees to provide a completed IRS 1099 form for its payments to, and CRC and Manning Law agree to provide IRS W-9 forms for, each of the payees under this Settlement Agreement. The Parties acknowledge that BMI cannot issue any settlement payments pursuant to Section 3 above until after BMI receives the requisite W-9 forms from CRC's counsel.

4. CLAIMS COVERED AND RELEASED

4.1 CRC's Release of BMI

CRC, acting on its own behalf and not on behalf of the public, fully releases and discharges BMI and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors (the "Defendant Releasees") and all entities to which Defendant Releasees directly or indirectly distribute or sell the Product, including, but not limited to, Super Center Concepts, Inc., and any other distributors, wholesalers, customers, retailers, franchisees, licensors, and licensees, (collectively, the "Released Parties" and individually, a "Released Party"). CRC, on behalf of itself and its officers, directors, shareholders, employees, agents, parent companies, subsidiaries and divisions hereby fully releases and discharges the Released Parties from any and all claims, actions, causes of action, suits, demands, liabilities, damages, penalties, fees, costs, and expenses asserted, or that could have been asserted up to and through the Compliance Date based on or related to the handling, use, sale, distribution, or consumption of the Product in California, as to any alleged violation of Proposition 65 or its implementing regulations,

including without limitation any failure to provide Proposition 65 warnings on the Product with respect to exposures to lead.

4.2 BMI's Release of CRC

BMI on behalf of its past and current agents, representatives, attorneys, successors and assignees hereby waives any and all claims against CRC and its attorneys and other representatives, for any and all actions taken, or statements made by CRC and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Product.

4.3 California Civil Code Section 1542

It is possible that other claims not known to the Parties, arising out of the Notice or relating to the Products, will develop or be discovered. CRC on behalf of itself only, and BMI on behalf of itself only, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through and including the Compliance Date, including all rights of action therefore. CRC and BMI acknowledge that the claims released in Sections 4.1 and 4.2 above may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 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.

5. SEVERABILITY

In the event that any of the provisions of this Settlement Agreement are held by a court of competent jurisdiction to be unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected.

6. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California, without regard to its conflicts of law principals.

7. NOTICE

When any Party is entitled to receive any notice under this Settlement Agreement, the notice shall be sent by first class mail or electronic mail to the address set forth in this Paragraph. Any Party may modify the person and address to whom the notice is to be sent by sending the other Party notice by certified mail, return receipt requested. Said change shall take effect on the date the return receipt is signed by the Party receiving the change.

Notices shall be sent to:

For CRC

Joseph R. Manning, Jr.
26100 Towne Center Drive
Foothill Ranch, CA 92610
Tel: Office (949) 200-8757 Fax: (866) 843-8309

p65@manninglawoffice.com

For BMI
David M. Barnes
Hogan Lovells US LLP
Four Embarcadero Center, Suite 3500
San Francisco, CA 94111
Tel: (415) 374.2373
david.barnes@hoganlovells.com

8. 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. Signatures by scanned and emailed image or facsimile transmission shall have the same force and effect as original signature and as an electronic record adopted and executed by a Party with the intent to sign the electronic record pursuant to Civil Code §§ 1633.1 *et seq.*

9. COMPLIANCE WITH HEALTH AND SAFETY CODE §25249.7(f)

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

10. MODIFICATION

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

11. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by, or relied on, any Party.

12. INTERPRETATION

No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any Party, based upon the fact that one of the Parties and/or their counsel prepared or drafted any portion of this Agreement. The Parties waive the provisions of Civil Code § 1654. It is conclusively presumed that the Parties participated equally in the drafting of this Agreement.

13. 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: 1/23/2024

By: 4D7E7F1FE86247B...

CalSafe Research Center, Inc.

AGREED TO:

Date: _____

By: _____

Botanas Mexico, Inc.

AGREED TO:

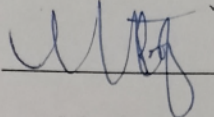
Date: _____

By: _____

CalSafe Research Center, Inc.

AGREED TO:

Date: 1/25/24

By:  _____

Botanas Mexico, Inc.