

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Berj Parseghian and Ethical Brands 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 Ethical Brands Inc. ("Ethical Brands"), on the other hand, with Parseghian and Ethical Brands collectively referred to as the "Parties."

1.2. General Allegations

Parseghian alleges that Ethical Brands either manufactured and and/or distributed and/or sold or offered for sale in the State of California products containing lead and that such sales have not included "clear and reasonable warnings" within the meaning of 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 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 product covered by this Settlement Agreement is defined as "Explore Cuisine – Organic Edamame & Spirulina Spaghetti; UPC #: 8 55433 00823 5," that Ethical Brands has either manufactured, and/or imported, and/or packaged, and/or distributed, and/or directly or indirectly sold or offered for sale in California and that contain lead, or will do so in the future (the "Covered Product").



1.4. **Notice of Violation**

On or about November 22, 2023, Parseghian served Ethical Brands, 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 Ethical Brands and such public enforcers with notice that Ethical Brands 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 lead. 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 Ethical Brands' compliance with Proposition 65. Specifically, Ethical Brands 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 and any other statute, regulation, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission against interest by the Parties of any fact, finding, issue of law, or violation of law. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of the Parties under this Settlement Agreement.

1.6. **Effective Date**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date both Parties have notice that this Settlement Agreement is fully executed.

2. WARNINGS AND REFORMULATION

2.1 Beginning on the Effective Date, Ethical Brands shall no longer manufacture for sale in the State of California, "Distribute into the State of California," or directly sell in the State of California, any Covered Product that, when packaged into consumer ready forms of labeling and packaging, exposes a person to a "Daily Lead Exposure Level" of more than 0.5 micrograms of lead per day, unless the Covered Product meets the warning requirements under Section 2.2.

As used in this Settlement Agreement, the term "Distribute 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 Ethical Brands knows will sell the Covered Product in California. The obligations in this Section 2 do not apply to any Covered Product placed into final consumer ready packaging prior to the Effective Date and all claims as to such Covered Products are subject to the releases of claims in this Settlement Agreement regardless of when sold or by whom they are sold.

For purposes of this Settlement Agreement, the "Daily Lead Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per gram of product, multiplied by grams of product per serving of the product (using the serving size appearing on the product label nutrition facts panel), multiplied by the number of servings of the product per day recommended on the Covered Product label, which equals micrograms of lead exposure per day. If the Covered Product label contains no recommended number of daily servings, then the number of recommended daily servings shall be one and shall equal the serving size set forth on the nutrition facts panel.



2.2 Clear and Reasonable Warnings

If Ethical Brands is required to provide a warning pursuant to Section 2.1, Ethical Brands may elect any of the following warnings (each, a "Warning"):

Option 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

Option 2:

WARNING: [Cancer and] Reproductive Harm – www.P65Warnings.ca.gov/food

Notwithstanding the above, if Ethical brands is required to provide a Warning pursuant to Section 2.1, the Warning content and method of transmission may also be provided in any form as authorized by any Proposition 65 law or regulation effective on or after the Effective Date. If Ethical Brands elects, the words "California Proposition 65," "California Prop. 65" or "Proposition 65" may be added prior to the word "**WARNING**". If Ethical brands includes the text in [brackets] above in Option 1 or Option 2, it shall remove the brackets in the Warning.

The Warning shall be securely affixed to or printed upon the label of each Covered Product and it must be set off from other surrounding information in a box. In addition, for any Covered Product sold over Ethical Brands' proprietary internet website, the Warning shall appear on the Covered Product display page in full text or through a clearly marked hyperlink using the word "**WARNING**" in all capital and bold letters. If a hyperlink is used, the hyperlink must go directly to a page prominently displaying the Warning as provided for above. An asterisk or other identifying method must be utilized to identify which products on the display

page are subject to the Warning. Alternatively, Ethical Brands may provide a Warning prior to completion of check out, as part of the checkout process for the Covered Product.

The Warning shall be at least the same size as the largest of any other health or safety warnings also appearing on the product display page on Ethical Brands' proprietary website, or on the label, as applicable. The word "**WARNING**" shall be in all capital letters and in bold print. No text other than the Warning shall appear in the box on the Covered Product label, or on the Covered Product display page (whether directly provided on the product display page or provided via a hyperlink or prior to completion of checkout).

Ethical Brands must display the above Warning with such conspicuousness, as compared with other words, statements or designs on the label, or on its proprietary website, if applicable, to render the Warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use of the Covered Product. If consumer information on the package is in a foreign language, the warning must also be provided in the foreign language.

For purposes of this Settlement Agreement, the term "label" means a display of written, printed or graphic material that is printed on or affixed to a Covered Product or its immediate consumer ready container, packaging or wrapper.

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 and for the payment of civil penalties pursuant to Proposition 65. Under these legal principles, Ethical brands shall pay a total sum of \$21,000.00 as a complete accord and satisfaction of Parseghian's fees and costs, incurred as a result of investigating and



bringing this matter to Ethical Brands' attention, and for civil penalties payable to the State of California.

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

Of the total sum in Section 3, \$2,000.00 shall be considered a "civil penalty." The civil penalty amount will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% (i.e., \$1,500.00) of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% (i.e., \$500.00) of the penalty remitted to Parseghian.

5. **REIMBURSEMENT OF FEES AND COSTS**

Of the total sum in Section 3, \$19,000.00 shall be considered reimbursement of Parseghian's attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice.

6. **PAYMENT INFORMATION**

Ethical Brands shall mail these payments within fifteen (15) business days following the Effective Date, at which time such 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.

Parseghian agrees to provide all taxpayer identification information necessary for Ethical Brands to process these payments within one (1) business day of the Effective Date including Forms W-9 for Parseghian and KJT Law Group, LLP.

7. RELEASE OF ALL CLAIMS

7.1. Release of Ethical Brands, 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 Ethical Brands, and its respective equity owners, parents, subsidiaries, affiliates, sister and related companies, and their predecessors and successors or assigns (the "Releasees") and also against any person from whom Ethical Brands purchased the Covered Products, or components thereof, and against any person to whom Ethical Brands directly or indirectly sold or offered for sale, or distributed, the Covered Products



including, without limitation, Sprouts Farmers Market, Inc. (the “Additional Releasees”), for any alleged violations of Proposition 65, or any other alleged violation of statutory or common law, arising from alleged exposures to lead in relation to the Covered Product for all Covered Products placed into final consumer ready packaging prior to the Effective Date.

Parseghian, in his personal capacity, expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him 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 all Covered Products placed into final consumer ready packaging prior to the Effective Date.

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 Ethical Brands shall have no further obligations pursuant to this Settlement Agreement. Compliance by Ethical Brands with this Settlement Agreement shall constitute compliance with Proposition 65 by Ethical Brands, the Releasees and any Additional Releasee on and after the Effective Date, regardless of when any Covered Product is sold or offered for sale, or distributed, by any person.

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 Ethical Brands: Judith M. Praitis, Esq.
Faegre Drinker Biddle & Reath LLP
1800 Century Park East, Suite 1500
Los Angeles, California 90067.

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. Email communications may be sent as courtesy notices and are deemed delivered on the date of receipt, if received prior to 5 pm Pacific Time.

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. 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.

12. MODIFICATION AND ENFORCEMENT

This Settlement Agreement may be modified only by a written agreement signed by the Parties. This Settlement Agreement shall be enforceable solely by the Parties hereto.

13. 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.

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

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

15. PUBLIC BENEFIT

It is the Parties' understanding that the commitments they have agreed to herein, and actions to be taken by Ethical Brands under this Settlement Agreement, would confer a significant benefit to the general public in the State of California, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of the Parties that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Ethical Brands' alleged failure to provide a warning concerning exposure to lead prior to use of the Covered Products it has either imported, manufactured, packaged, distributed, or directly or indirectly sold or offered for sale in California, or will import, manufacture, package, distribute, directly or indirectly 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 Ethical Brands is in material compliance with this Settlement 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.

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

Executed on 2/1/2024, at Pasadena, California.

DocuSigned by:
BERJ PARSEGHIAN
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Berj Parseghian

Executed on Feb 1 2024 at Torrey, Switzerland

Ethical Brands, Inc.



By: Marc Buchler

Its: Finance Officer

APPROVED AS TO FORM BY:

Executed on 2/1/2024, at Glendale, California.

DocuSigned by:
[Signature]
B4A4D94498264E2...
Tro Krikorian, Esq., Attorney for Berj Parseghian
KJT Law Group, LLP

Executed on February 1, 2024, at La Canada, California.

[Signature]
Judith M. Praitis, Esq., Attorney for Ethical Brands, Inc.
Faegre Drinker Biddle & Reath LLP