

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) between Environmental Research Center, Inc. (“ERC”) and Pure Steeps Beverage, LLC and Harris Freeman & Co., Inc., individually (collectively “Pure Steeps Beverage”) is effective on the date on which it is fully executed (“Effective Date”) by ERC and Pure Steeps Beverage. ERC and Pure Steeps Beverage are referred to individually as a “Party” and collectively as the “Parties.” The Parties agree as follows:

1. This matter arises out of the Notice of Violation of California Health & Safety Code §25249.5, *et seq.* (also known as “Proposition 65”) that ERC served on Pure Steeps Beverage on November 28, 2023 (the “Notice”) with regard to the following products identified below (referred to as the “Covered Products”):

- **Wonder Drink Prebiotic Kombucha Sparkling Fermented Tea Ginger Peach**
- **Wonder Drink Prebiotic Kombucha Sparkling Fermented Tea Green Tea & Lemon**
- **Wonder Drink Prebiotic Kombucha Sparkling Fermented Tea Asian Pear & Ginger**

2. The Parties enter into this Agreement in order to fully resolve all claims, demands, and allegations regarding the Notice and for the purpose of avoiding prolonged litigation. Nothing in this Agreement shall be construed as an admission of the Parties of any fact, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by the Parties of any fact, issue of law or violation of law. Nothing in this Agreement or any document referred to shall be construed as giving rise to any presumption or inference of admission or concession by the Parties as to any fault, wrongdoing or liability. This Section shall not diminish or otherwise affect the obligations, responsibilities, and duties of the Parties under this Agreement.

3. INJUNCTIVE RELIEF, REFORMULATION, TESTING AND WARNINGS

In consideration of the following covenants and conditions contained in this Agreement, the Parties have provided the releases as set forth in Section 6 below:

3.1 Except as provided in 3.1.3, beginning on the Effective Date, Pure Steeps Beverage 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 (collectively referred to as “California Sales Practices”), any Covered Product that exposes a person to a “Daily Lead Exposure Level” of more than 0.5 micrograms of lead per day unless it meets the warning requirements under Section 3.2.

3.1.1 As used in this Agreement, the term “Distributing into the State of California” shall mean to directly ship a Covered Product into California for sale in California.

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or to sell a Covered Product to a distributor that Pure Steeps Beverage knows or has reason to know will sell the Covered Product in California.

3.1.2 For purposes of this 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 largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of recommended daily servings appearing on the label), which equals micrograms of lead exposure per day. If the label contains no recommended daily servings, then the number of recommended daily servings shall be one.

3.1.3 The requirements of Section 3.1 and 3.2 do not apply to Covered Products that "enter the stream of commerce" prior to the Effective Date. For purposes of this Agreement, the term "enter the stream of commerce" means that Covered Products are put into final packaging for consumer sale and are no longer in the possession of or under the control of Pure Steeps Beverage.

3.2 Clear and Reasonable Warnings

If Pure Steeps Beverage is required to provide a warning pursuant to Section 3.1, the following warning must be utilized ("Warning"):

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.

The Warning shall be securely affixed to or printed upon the label of any Covered Product, and it must be set off from other surrounding information and enclosed in a box. In addition, for any Covered Product sold over the internet, the Warning shall appear on the checkout page or a pre-checkout product description page, so long as the latter must be viewed by all consumers ordering the Covered Product prior to the completion of the sale. The Warning can be limited to being provided to only those users that indicate a California delivery address for any purchase of any Covered Product. An asterisk or other identifying method must be utilized if necessary to consciously identify which product on the checkout page is subject to the Warning. In no event shall any internet or website Warning be contained in or made through a link.

The Warning shall be at least the same size as the largest of any other health or safety warnings also appearing on the website or on the label, and the word "WARNING" shall be in all capital letters and in bold print. No statements intended to or likely to have the effect of diminishing the impact of, or reducing the clarity of, the Warning on the average lay person shall accompany the Warning. Further, no statements may accompany the Warning that state or imply that the source of the listed chemical has an impact on or results in a less harmful effect of the listed chemical.

Pure Steeps Beverage must display the above Warning with such conspicuousness, as compared with other words, statements or designs on the label, or on its website, as applicable, to

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render the Warning likely to be read and understood by an ordinary individual under customary conditions of purchase or use of the product. Where a sign or label used to provide the Warning for a Covered Product includes consumer information about the Covered Product in a language other than English, the Warning must also be provided in that language in addition to English.

For purposes of this 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 container or wrapper.

3.3 Conforming Covered Products

A Conforming Covered Product is a Covered Product for which the "Daily Lead Exposure Level" is no greater than 0.5 micrograms of lead per day as determined by the exposure methodology set forth in Section 3.1.2 and the quality control methodology described in Section 3.4.

3.4 Testing and Quality Control Methodology

3.4.1 Beginning within one year of the Effective Date, except as provided in Section 3.4.7, Pure Steeps Beverage shall arrange for lead testing of the Covered Products at least once a year for a minimum of five (5) consecutive years by arranging for testing of three (3) randomly selected samples of the Covered Products, in the form intended for sale to the end-user, which Pure Steeps Beverage intends to sell or is manufacturing for sale in California, directly selling to a consumer in California or "Distributing into the State of California." If tests conducted pursuant to this Section demonstrate that no Warning is required for the Covered Products during each of the five (5) consecutive years, then the testing requirements of this Section will no longer be required as to the Covered Products.

3.4.2 For purposes of measuring the "Daily Lead Exposure Level", the highest lead detection result of the three (3) randomly selected samples of the Covered Products will be controlling.

3.4.3 All testing pursuant to this Agreement shall be performed using a laboratory method that complies with the performance and quality control factors appropriate for the method used, including limit of detection and limit of quantification, sensitivity, accuracy, and precision that meets the following criteria: Inductively Coupled Plasma-Mass Spectrometry ("ICP-MS") achieving a limit of quantification of less than or equal to 0.005 mg/kg.

3.4.4 All testing pursuant to this Agreement shall be performed by an independent third-party laboratory certified by the California Environmental Laboratory Accreditation Program or an independent third-party laboratory that is registered with the United States Food & Drug Administration.

3.4.5 Nothing in this Agreement shall limit Pure Steeps Beverage's ability to conduct, or require that others conduct, additional testing of the Covered Products, including the raw materials used in their manufacture.

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3.4.6 If ERC has testing showing that a violation of this Settlement Agreement has occurred, within thirty (30) days of ERC's written request, Pure Steeps Beverage shall deliver lab reports obtained pursuant to Section 3.4, and related documentation, to ERC. Pure Steeps Beverage shall retain all such lab reports and related documentation for a period of three years from the date of each test. Any request by ERC for lab reports and related documentation shall be made prior to the expiration of the three-year time period identified in this section 3.4.6.

3.4.7 The testing requirements under this Section 3.4 do not apply during any period in which Pure Steeps Beverage has ceased production of the Covered Products and is not engaging in California Sales Practices as to the Covered Products. However, in the event Pure Steeps Beverage resumes California Sales Practices with respect to the Covered Products, Pure Steeps Beverage shall be required to begin complying with the testing requirements of this Section 3.4 with respect to the Covered Products within one year after the date that Pure Steeps Beverage resumes engaging in such California Sales Practices.

3.5 Nothing in Section 3 of this Agreement shall prevent or preclude ERC from obtaining and relying upon its own testing for purposes of enforcement, so long as such testing meets the requirements of Sections 3.4.3 and 3.4.4


3.6 Compliance with New or Modified Warning Regulations, Etc.

Notwithstanding any other provision of this Agreement, Pure Steeps Beverage shall be deemed to be in compliance with this Agreement if, after the Effective Date, it provides a warning in compliance with new or modified final safe harbor warning regulations adopted by the State of California's Office of Environmental Health Hazard Assessment ("OEHHHA") applicable to the Covered Products and exposure to Lead. In the event that Proposition 65, either as a whole or as specifically applicable to the Covered Products or listed chemicals at issue in this case, is repealed or federally preempted, or if new or different safe harbor levels are established as applicable to the Covered Products, or if Proposition 65 is otherwise rendered inapplicable to the Covered Products or listed chemicals at issue in this case, all by any final regulation or statute, or by a decision of the California Supreme Court, or if any of the provisions of this Agreement are specifically rendered inapplicable or no longer required as to the Covered Products as a result of any such regulatory or statutory change, repeal or preemption or decision of the California Supreme Court, or due to federal laws or regulations, then Pure Steeps Beverage may provide written notice to ERC of any asserted change in the law, and it shall have no further obligations pursuant to this Agreement with respect to the Covered Products, to the extent that the Covered Products are so affected and subject to ERC's right to contest the applicability of the purported change in the law.

4. Pure Steeps Beverage shall make a total payment of \$30,000.00 ("Total Settlement Amount") by wire transfer to ERC's account within 10 days of the Effective Date ("Due Date"), for which ERC will give Pure Steeps Beverage the necessary account information. The Total Settlement Amount shall be allocated as follows:

a. \$4,000.00 shall be considered a civil penalty pursuant to California Health and Safety Code §25249.7(b)(1). ERC shall remit 75% (\$3,000.00) of the civil penalty to the Office

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of Environmental Health Hazard Assessment ("OEHHA") for deposit in the Safe Drinking Water and Toxic Enforcement Fund in accordance with California Health and Safety Code §25249.12(c). ERC will retain the remaining 25% (\$1,000.00) of the civil penalty.

b. \$2,608.00 shall be considered a reimbursement to ERC for its costs incurred as a result of bringing this matter to Pure Steeps Beverage's attention and negotiating a settlement.

c. \$9,075.00 shall be distributed to Aqua Terra Aeris Law Group as reimbursement of ERC's attorney fees, while \$14,317.00 shall be distributed to ERC for its in-house legal fees.

d. In the event that Pure Steeps Beverage fails to remit the Total Settlement Amount owed under Section 4 of this Agreement on or before the Due Date, Pure Steeps Beverage shall be deemed to be in material breach of its obligations under this Agreement. ERC shall provide written notice of the delinquency to Pure Steeps Beverage via electronic mail. If Pure Steeps Beverage fails to deliver the Total Settlement Amount within five days from the written notice, the Total Settlement Amount shall become immediately due and payable and shall accrue interest at the statutory judgment interest rate provided in the Code of Civil Procedure section 685.010. Additionally, Pure Steeps Beverage agrees to pay ERC's reasonable attorneys' fees and costs for any efforts to collect the payment due under this Agreement.

5. Except as expressly set forth in Section 4, the Parties shall bear their own costs, expenses, and attorneys' fees related to the Notice.

6. Binding Effect; Claims Covered and Released

6.1. This Agreement is a full, final, and binding resolution between ERC, on behalf of itself, and Pure Steeps Beverage and its respective officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, suppliers, franchisees, licensees, affiliates, customers (not including private label customers of Pure Steeps Beverage), distributors, wholesalers, retailers, and all other upstream and downstream entities in the distribution chain of any Covered Product, and the predecessors, successors, and assigns of any of them (collectively, "Released Parties").

6.2. ERC, on behalf of itself only, 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 from the handling, use, or consumption of the Covered Products, as to any alleged violation of Proposition 65 or its implementing regulations arising from the failure to provide Proposition 65 warnings on the Covered Products regarding lead up to and including the Effective Date.

6.3. ERC, on its own behalf only, and Pure Steeps Beverage on its own behalf only, further waive and release any and all claims they may have against each other for all actions or statements made or undertaken in the course of seeking or opposing enforcement of Proposition 65 in connection with the Notice up through and including the Effective Date, provided, however, that nothing in Section 6 shall affect or limit any Party's right to seek to enforce the terms of this Agreement.

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6.4 It is possible that other claims not known to the Parties, arising out of the facts alleged in the Notice, and relating to the Covered Products, will develop or be discovered. ERC, on behalf of itself only, and Pure Steeps Beverage, on behalf of itself only, acknowledge that this Agreement is expressly intended to cover and include all such claims up through and including the Effective Date, including all rights of action therefore. ERC and Pure Steeps Beverage acknowledge that the claims released in Sections 6.2 and 6.3 above may include unknown claims, and the Parties nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads as follows:

(i) 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.

ERC, on behalf of itself only, and Pure Steeps Beverage, on behalf of itself only, acknowledge and understand the significance and consequences of this specific waiver of California Civil Code section 1542.

6.5 Compliance with the terms of this Agreement shall be deemed to constitute compliance with Proposition 65 by any of the Released Parties regarding alleged exposures to lead in the Covered Products as set forth in the Notice.

6.6 Nothing in this Agreement is intended to apply to any occupational or environmental exposures arising under Proposition 65, nor shall it apply to any of Pure Steeps Beverage's products other than the Covered Products.

7. Nothing herein shall be construed as diminishing Pure Steeps Beverage's continuing obligations to comply with Proposition 65.

8. All notices required to be given to either Party to this Agreement by the other shall be in writing and sent to the following agents listed below via first-class mail and via electronic mail..

FOR ENVIRONMENTAL RESEARCH CENTER, INC.:

Chris Heptinstall, Executive Director, Environmental Research Center
3111 Camino Del Rio North, Suite 400
San Diego, CA 92108
Telephone: (619) 500-3090
Email: chris.heptinstall@erc501c3.org

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With a copy to:
Matthew C. Maclear
Anthony M. Barnes
Aqua Terra Aeris Law Group
4030 Martin Luther King Jr. Way
Oakland, CA 94609
Telephone: (415) 568-5200
Email: mcm@atalawgroup.com
amb@atalawgroup.com

FOR PURE STEEPS BEVERAGE, LLC and HARRIS FREEMAN & CO., INC.

Eileen Lauth
Harris Tea Company
1267 Cobb Industrial Dr.
Marietta, GA 30066
Email: eileen.lauth@southerntea.com

With a copy to:
Gregory Sperla
DLA Piper LLP (US)
555 Mission St., Suite 2400
San Francisco, CA 94105
Telephone: (916) 930-3244
Email: greg.sperla@us.dlapiper.com

9. After executing this Agreement, ERC will submit to the California Attorney General a Report of Settlement. In addition, ERC will provide to the California Attorney General a signed copy of this Agreement. The Parties acknowledge and agree that the Parties shall provide as much information as is requested by the California Attorney General, or any other governmental agency, regarding the Notice, the settlement, and this Agreement.

10. This Agreement contains the entire agreement between the Parties with regard to settlement of the Notice, and supersedes all prior or contemporaneous agreements or understandings, written or oral, with regard to the Notice as set forth in this Agreement. This Agreement may be amended or modified as to injunctive terms only in whole or in part at any time only by an agreement in writing executed by the Parties.

11. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective owners, principals, shareholders, members, managers, officers, directors, employees, agents, successors, and assigns.

12. 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.

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Handwritten initials, likely representing the parties involved in the agreement.

13. If any provision, term, or section of this Agreement is found to be invalid, illegal, or unenforceable, then all remaining provisions, terms, or sections shall continue in full force and effect and remain binding on the Parties. If any provision, term, or section of this Agreement is determined to be unenforceable, then such provision, term, or section may be modified so that the unenforceable provision, term, or section is enforceable to the greatest extent possible.

14. This Agreement shall be deemed to have been entered into in the State of California and governed and interpreted by the laws of the State of California, regardless of the physical locations of the individuals executing this Agreement at the time of execution.

15. The Parties acknowledge by signing this Agreement that they have a right to consult an attorney and that they have either consulted their attorney(s) with respect to the Notice and the terms and conditions of this Agreement or have made the decision not to consult with an attorney regarding the Notice and the terms and conditions of this Agreement. The Parties further acknowledge that they fully understand this Agreement and the effect of signing and executing this Agreement.

16. Any legal action to enforce this Agreement shall be brought in the county of Alameda of the State of California. ERC shall be entitled to recover its reasonable attorneys' fees and costs that are necessary and required to enforce the Agreement pursuant to California Code of Civil Procedure section 1021.5.

17. This Agreement may be signed in counterparts, and each counterpart, as well as any facsimile, e-mail, copy of this Agreement, or any other counterpart, shall be deemed to be an original.

18. Each of the individuals who execute this Agreement represents and warrants they have the authority to execute this document and bind the respective Parties to the terms and conditions of this Agreement, and have read, understand, and agree to all the terms and conditions in this Agreement.

DATED: 20 March 2024

PURE STEEPS BEVERAGE, LLC

By: Eileen Lauth

Name: Eileen Lauth

Title: SVP, Quality and Compliance

DATED: 20 March 2024

HARRIS FREEMAN & CO., INC.

By: Eileen Lauth

Name: Eileen Lauth

Title: SVP, Quality and Compliance

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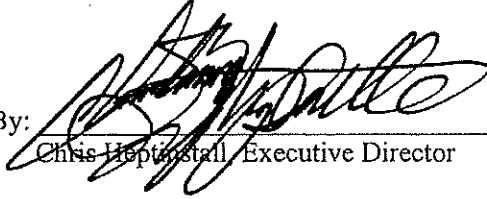
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DATED: 3/14/2024

ENVIRONMENTAL RESEARCH CENTER, INC.

By:


Chris Heptinstall Executive Director

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