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| 8 | SUPERIOR COURT OF THE ST | TATE OF CALIFORNIA | |
| 9 | FOR THE COUNTY C | DF ALAMEDA | |
| 10 | | | |
| 11 | CENTER FOR ENVIRONMENTAL HEALTH, | Case No. 23CV045797 | |
| 12 | Plaintiff, | [PROPOSED] CONSENT JUDGMENT AS TO S & A | |
| 13 | V. | DISTRIBUTION, INC. | |
| 14 | THE KOOPLES BLOOM INC., et al., | | |
| 15 | Defendants. | | |
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| ON RECYCLED PAPER | CONSENT JUDGMENT – S & A DISTRIBUTION – CASE NO. 23CV045797 | | |

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1.

INTRODUCTION

2 1.1 The Parties to this Consent Judgment are the Center for Environmental Health, a 3 California non-profit corporation ("CEH") and S & A Distribution, Inc. ("Settling Defendant"). 4 CEH and Settling Defendant are referred to herein together as the "Parties" or singly as a "Party." 5 The Parties enter into this Consent Judgment to settle certain claims asserted by CEH against 6 Settling Defendant as set forth in the operative complaint in the above-captioned matter (the 7 "Action"). This Consent Judgment addresses chromium exposures from footwear made with 8 leather materials. Leather used to make footwear that is tanned with chromium compounds can 9 under certain circumstances expose consumers to hexavalent chromium ("CrVI"), which is a 10 chemical listed under Proposition 65 as known to the State of California to cause cancer and 11 reproductive toxicity.

12 1.2 On December 21, 2023, CEH provided a 60-day Notice of Violation under
13 California Health & Safety Code section 25249.5 *et seq.* ("Proposition 65") to Settling Defendant,
14 the California Attorney General, the District Attorneys of every county in California, and the City
15 Attorneys of every California city with a population greater than 750,000, alleging that Settling
16 Defendant violated Proposition 65 by exposing persons to CrVI from leather footwear without
17 first providing a clear and reasonable Proposition 65 warning.

18 1.3 On September 27, 2023, CEH filed the original Complaint in the above-captioned
19 matter. On March 15, 2024, CEH amended the Complaint to name Settling Defendant as a
20 defendant in this Action.

1.4 Settling Defendant is a corporation and a person in the course of doing business as
such term is defined under Proposition 65. Settling Defendant sells and distributes footwear
under the trademark "Geox," among other products, in the USA and also in California. Settling
Defendant asserts that: (i) it is committed to sell footwear that promote the well-being of
consumers; (ii) it pays close attention to any issue concerning health and safety of its products. it
sells; and (iii) it employs various measures that it reasonably believed were sufficient to ensure
that its footwear were safe to consumers.

1 1.5 For purposes of this Consent Judgment only, the Parties stipulate that this Court 2 has jurisdiction over the allegations of violations contained in the operative Complaint applicable 3 to Settling Defendant (the "Complaint") and personal jurisdiction over Settling Defendant as to 4 the acts alleged in the Complaint, that venue is proper in the County of Alameda, and that this 5 Court has jurisdiction to enter and enforce this Consent Judgment as further set forth herein as a 6 full and final resolution of all claims which were or could have been raised in the Complaint 7 based on the facts alleged therein with respect to leather footwear sold by Settling Defendant.

8 1.6 Nothing in this Consent Judgment is or shall be construed as an admission by the 9 Parties of any fact, conclusion of law, issue of law, or violation of law, nor shall compliance with 10 the Consent Judgment constitute or be construed as an admission by the Parties of any fact, 11 conclusion of law, issue of law, or violation of law. Except as set forth herein, nothing in this 12 Consent Judgment shall prejudice, waive, or impair any right, remedy, argument, or defense the 13 Parties may have in any other pending or future legal proceedings. This Consent Judgment is the 14 product of negotiation and compromise and is accepted by the Parties solely for purposes of 15 settling, compromising, and resolving issues disputed in this Action. Settling Defendant believes 16 that all of the footwear it sold and distributed in California was compliant with all applicable 17 laws.

18 1.7 The Parties acknowledge that the amount of the Total Settlement Payment in
19 Section 6 is influenced materially by the specific injunctive terms set forth in Section 4, which
20 allow for optional compliance through the provision of Clear and Reasonable Warnings. While
21 CEH provides discounts in Proposition 65 settlements to entities that agree to reformulate their
22 products, Settling Defendant did not qualify for such a discount, which is reflected in the amount
23 of the Total Settlement Payment.

24 **2. DEFINITIONS**

25 2.1 "Chrome-Tanned Leather" means that the hide or skin used to make the leather
26 was converted to leather either by treatment solely with chromium salts or with chromium salts
27 together with a small amount of some other tanning agent, used merely to assist the chromium

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| 1 | tanning process, and not in sufficient amount to alter the essential chromium tanned character of |
|---|---|
| 2 | the leather that is tanned with chromium compounds. |

2.2 "Covered Products" means footwear for which normal and foreseeable use will result in one or more Chrome-Tanned Leather components coming into direct contact with the skin of the average user's foot or leg while the footwear is worn (*e.g.*, a chrome-tanned leather insole, tongue, liner, unlined upper, or strap).

7 2.3 "Effective Date" means the date on which this Consent Judgment is entered by the
8 Court.

9 2.4 A "Protocol Tannery" is a leather tannery that (a) produces Chrome-Tanned
10 Leather pursuant to the Reformulation Protocol, or (b) provides a certification demonstrating that
11 the tannery has achieved certification with overall Gold rating under the Leather Working Group
12 (LWG) Audit Protocol P7.2.2 (or any subsequent higher version that is in force at the time of
13 certification) (the "LWG Audit Protocol"), or has attained a Gold medal rating in the section of
14 such LWG Audit Protocol entitled "Restricted Substances, Compliance & Chromium VI
15 Management" (or any subsequent section or sections regarding CrVI management).

16 2.5 "Reformulation Protocol" means the leather tanning protocol set forth on Exhibit
17 A.

2.6 "Skin Contact Component" means a Chrome-Tanned Leather component that
comes into direct contact with the skin of the average user's foot while the Covered Product is
being worn.

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3.

FACTUAL BACKGROUND

3.1 Chromium exists in different valence states. One of those states is CrVI and
another is trivalent chromium, which is also known as CrIII. Neither elemental chromium nor
CrIII is a listed chemical under Proposition 65.

25 3.2 Chromium tanning is a process of preserving hides that uses CrIII compounds.
26 CrVI is not intentionally added to leather in the tanning process.

- 3.3 The valence state of chromium is unstable in nature. For example, CrIII will under
 certain environmental conditions oxidize into CrVI. Likewise, CrVI will under certain
 environmental conditions reduce into CrIII.
- 3.4 The process by which CrIII turns into CrVI is called oxidation. Certain chemicals
 called antioxidants prevent or inhibit the oxidation process of chromium. Antioxidants can thus
 prevent the formation of CrVI in or on the surface of the leather.

7 3.5 Environmental conditions that affect the oxidation and reduction of chromium
8 between CrIII and CrVI include temperature, humidity, and pH.

- 3.6 The Reformulation Protocol comprises steps to minimize the potential introduction
 of CrVI to leather during the tanning process for Chrome-Tanned Leather and to use antioxidants
 that are baked into the hides during the tanning process. If a Protocol Tannery follows the
 Reformulation Protocol, the antioxidants will prevent or inhibit the oxidation process such that
 there will not likely be detectable CrVI on the surface of the leather.
- 14

4.

INJUNCTIVE RELIEF

15 4.1 Reformulation. Except as provided in Section 4.2, no later than 90 days after the 16 Effective Date, Settling Defendant shall not purchase, import, or manufacture any Covered 17 Product that Settling Defendant knows or has reason to believe will be sold or offered for sale in 18 California with Skin Contact Components that are made from Chrome-Tanned Leather unless the 19 leather was produced pursuant to the Reformulation Protocol by a Protocol Tannery. Except as 20 provided in Section 4.2, no later than 180 days after the Effective Date, Settling Defendant shall 21 not distribute, ship, or sell any Covered Product that Settling Defendant knows or has reason to 22 believe will be sold or offered for sale in California by Settling Defendant or by any third party to 23 which Settling Defendant sells or distributes Covered Product with Skin Contact Components that 24 are made from Chrome-Tanned Leather unless the leather was produced pursuant to the 25 Reformulation Protocol by a Protocol Tannery.

26 4.2 Clear and Reasonable Warnings. As an alternative to product reformulation as
27 set forth in Section 4.1, a Covered Product purchased, imported, manufactured, or sold by Settling

Defendant after 180 days following the Effective Date with Skin Contact Components that are 2 made from Chrome-Tanned Leather may be sold or offered for sale in California with a Clear and 3 Reasonable Warning that complies with the provisions of this Section 4.2 and Title 27 California 4 Code of Regulations section 25601, et seq. A Clear and Reasonable Warning may only be provided for Covered Products that Settling Defendant reasonably believes may expose persons 6 to CrVI. A Clear and Reasonable Warning under this Agreement shall state:

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WARNING: This product can expose you to chemicals including hexavalent chromium, 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.

11 The word "WARNING" shall be displayed in all capital letters and bold print and shall be 12 preceded by the yellow warning triangle symbol depicted above, provided however, the symbol 13 may be printed in black and white if the Covered Product label is produced without using the 14 color yellow. This warning statement shall be prominently displayed on the outer packaging or 15 tag of the Covered Product and shall be displayed with such conspicuousness, as compared with 16 other words, statements, or designs as to render it likely to be seen, read, and understood by an 17 ordinary individual prior to sale. The warning may be applied to the product by a sticker or other 18 adhesive. Where a sign or label used to provide a warning includes consumer information about a 19 product in a language other than English, the warning shall also be provided in that language in 20 addition to English. For internet, catalog, or any other sale where the consumer is not physically 21 present, the warning statement shall be displayed in such a manner that it is likely to be read and 22 understood by an ordinary individual prior to the authorization of or actual payment.

23 4.3 **Reformulation Notice.** At least thirty (30) days before Settling Defendant knows 24 or has reason to believe a Covered Product with Skin Contact Components that are made from 25 Chrome-Tanned Leather that will be reformulated under Section 4.1 and that will be sold or 26 offered for sale in California without a Clear and Reasonable Warning under Section 4.2, Settling 27 Defendant shall serve on CEH a written report notifying CEH of its intent to sell such

reformulated Covered Products and identifying the specific Covered Products that have been or will be reformulated by name, product code number, SKU, and any other identifier.

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ENFORCEMENT

4 5.1 **Enforcement Procedures.** Following the expiration of the applicable time period 5 required to perform any term or condition of this Consent Judgment, any Party may, by motion, 6 or application for an order to show cause before the Superior Court of the County of Alameda, 7 enforce the terms and conditions contained in this Consent Judgment. Prior to bringing any 8 motion or application to enforce the requirements of Section 4 above, the Party seeking to enforce 9 shall provide the allegedly violating Party with a written Notice of Violation setting forth the 10 basis for the alleged violation. The Parties shall then meet and confer during the thirty (30) day 11 period following the date the Notice of Violation was sent in an effort to try to reach agreement 12 on an appropriate cure, penalty, or related attorneys' fees related to the alleged violation. After 13 such thirty (30) day period, the Party seeking to enforce may, by motion or application for an 14 order to show cause before the Superior Court of Alameda, seek to enforce the terms and 15 conditions contained in this Consent Judgment. Nothing in this Section 5.1 shall impact the 16 Court's authority in an enforcement proceeding to impose appropriate remedies, including the 17 provision of a clear and reasonable warning.

18

6. PAYMENTS

6.1 Payments by Settling Defendant. On or before fifteen (15) business days after
the entry of this Consent Judgment, Settling Defendant shall pay the total sum of \$120,000 as a
settlement payment as further set forth in this Section (the "Total Settlement Payment").

6.2 Allocation of Payments. The Total Settlement Payment shall be paid in five (5) separate checks in the amounts specified below and delivered as set forth below. Any failure by Settling Defendant to comply with the payment terms herein shall be subject to a stipulated late fee to be paid by Settling Defendant in the amount of \$100 for each day the full payment is not received after the applicable payment due date set forth in Section 6.1. The late fees required under this Section shall be recoverable, together with reasonable attorneys' fees, in an

| 1 | enforcement proceeding brought pursuant to Section 5 of this Consent Judgment. The funds paid | | |
|-------------|--|--|--|
| 2 | by Settling Defendant shall be allocated as set forth below between the following categories and | | |
| 3 | made payable as follows: | | |
| 4 | 6.2.1 As part of the Total Settlement Payment, Settling Defendant shall pay | | |
| 5 | \$15,910 as a civil penalty pursuant to Health & Safety Code §25249.7(b). The civil penalty | | |
| 6 | payment shall be apportioned in accordance with Health & Safety Code §25249.12 (i.e., 25% to | | |
| 7 | CEH and 75% to the State of California's Office of Environmental Health Hazard Assessment | | |
| 8 | ("OEHHA")). Accordingly, Settling Defendant shall pay the OEHHA portion of the civil penalty | | |
| 9 | payment for \$11,932.50 by check made payable to OEHHA and associated with taxpayer | | |
| 10 | identification number 68-0284486. This payment shall be delivered as follows: | | |
| 11 | For United States Postal Service Delivery: | | |
| 12 | Attn: Mike Gyurics Fiscal Operations Branch Chief | | |
| 13 | Office of Environmental Health Hazard Assessment P.O. Box 4010, MS #19B | | |
| 14 | Sacramento, CA 95812-4010 | | |
| 15 | For Non-United States Postal Service Delivery: Attn: Mike Gyurics | | |
| 16 | Fiscal Operations Branch Chief Office of Environmental Health Hazard Assessment | | |
| 17 | 1001 I Street, MS #19B Sacramento, CA 95814 | | |
| 18 | 6.2.2 As part of the Total Settlement Payment, Settling Defendant shall pay the | | |
| 19 | CEH portion of the civil penalty payment for \$3,977.50 by check made payable to the Center for | | |
| 20 | Environmental Health and associated with taxpayer identification number 94-3251981. This | | |
| 21 | payment shall be delivered to Lexington Law Group, LLP, 503 Divisadero Street, San Francisco, | | |
| 22 | CA 94117. | | |
| 23 | 6.2.3 As part of the Total Settlement Payment, Settling Defendant shall pay | | |
| 24 | \$11,932 as an Additional Settlement Payment ("ASP") to CEH pursuant to Health & Safety Code | | |
| 25 | §25249.7(b), and California Code of Regulations, Title 11, §3204. CEH will use these funds to | | |
| 26 | support CEH programs and activities that seek to educate the public about toxic chemicals, | | |
| 27 | including hormone disruptors such as CrVI, work with industries interested in moving toward | | |
| 28 PARED | -8- CONSENT JUDGMENT – S & A DISTRIBUTION – CASE NO. 23CV045797 | | |

| 1 | safer alternatives, advocate with government, businesses, and communities for business practices | | | |
|----|---|-------------------|---------------------|-----------------------------|
| 2 | that are safe for human health and the environment, and thereby reduce the public health impacts | | | |
| 3 | and risks of exposure to CrVI and other toxic chemicals in consumer products sold in California. | | | |
| 4 | CEH shall obtain and maintain adequate records to document that ASPs are spent on these | | | |
| 5 | activities and CEH agrees to provide such documentation to the Attorney General within thirty | | | |
| 6 | (30) days of any request from the A | ttorney General. | The payments pur | suant to this Section shall |
| 7 | be made payable to the Center for E | Environmental Hea | alth and associated | l with taxpayer |
| 8 | identification number 94-3251981. These payments shall be delivered to Lexington Law Group, | | | |
| 9 | LLP, 503 Divisadero Street, San Francisco, CA 94117. | | | |
| 10 | 6.2.4 As part of the Total Settlement Payment, Settling Defendant shall pay | | | |
| 11 | \$92,158 as a reimbursement of a portion of CEH's reasonable attorneys' fees and costs (including | | | |
| 12 | but not limited to expert and investigative costs). The attorneys' fees and cost reimbursement | | | |
| 13 | shall be made in two separate checks as follows: (a) \$76,238 payable to the Lexington Law | | | |
| 14 | Group, LLP and associated with taxpayer identification number 88-4399775; and (b) \$15,920 | | | |
| 15 | payable to the Center for Environmental Health and associated with taxpayer identification | | | |
| 16 | number 94-3251981. Both of these payments shall be delivered to Lexington Law Group, LLP, | | | |
| 17 | 503 Divisadero Street, San Francisco, CA 94117. | | | |
| 18 | 6.2.5 To summarize, Settling Defendant shall deliver checks made out to the | | | |
| 19 | payees and in the amounts set forth below to pay the Total Settlement Payment: | | | |
| 20 | | | | |
| 21 | Payee | Туре | Amount | Deliver To |
| 22 | ОЕННА | Penalty | \$11,932.50 | OEHHA per §6.2.1 |
| 23 | Center for Environmental Health | Penalty | \$3,977.50 | LLG |
| 24 | Center for Environmental Health | ASP | \$11,932 | LLG |
| 25 | Lexington Law Group, LLP | Fees and Costs | \$76,238 | LLG |

27

26

\$15,920

LLG

Center for Environmental Health Fees and Costs

1 2 7.

MODIFICATION OF CONSENT JUDGMENT

7.1 Modification. This Consent Judgment may be modified from time to time by
express written agreement of the Parties, with the approval of the Court, or by an order of this
Court upon motion and in accordance with law.

7.2 Notice; Meet and Confer. Any Party seeking to modify this Consent Judgment
or terminate it pursuant to Section 7.3 shall attempt in good faith to meet and confer with the
other Party for a period of at least thirty (30) days prior to filing a motion to modify the Consent
Judgment.

9 7.3 **Termination of Injunctive Relief.** If, after the Effective Date, (1) the applicable 10 law of California no longer requires or allows a warning of the type described herein for Covered 11 Products, or (2) a court enters judgment in this Action or another Proposition 65 enforcement 12 action brought by CEH over exposure to CrVI in leather gloves or footwear that denies a request 13 for injunctive relief on the grounds that (a) CEH has not shown an exposure to CrVI from 14 Chrome-Tanned Leather, or (b) the defendant has demonstrated that any exposure to CrVI from 15 Chrome-Tanned Leather is exempt from the Proposition 65 warning requirement under Health & 16 Safety Code §25249.10(c), then Settling Defendant may seek to terminate the injunctive relief in 17 Section 4 hereof.

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8.

CLAIMS COVERED AND RELEASE

19 8.1 Provided that Settling Defendant has made all the payments required by Section 6 20 hereof, this Consent Judgment is a full, final, and binding resolution between CEH on behalf of 21 itself and the public interest, its members, employees, officers, directors, agents, representatives, 22 successors, predecessors, affiliated entities that are under common control or ownership, assigns, 23 attorneys, and all persons and entities acting by, through, or in concert with CEH (collectively 24 "CEH Releasors") and Settling Defendant and its parents, subsidiaries, affiliated entities that are 25 under common control or ownership, directors, officers, employees, agents, shareholders, 26 successors, predecessors, representatives, assigns, and attorneys ("Defendant Releasees"), and all 27 entities to which Settling Defendant directly or indirectly distributes or sells Covered Products,

including but not limited to distributors, wholesalers, customers, retailers, franchisees, licensors,
 and licensees ("Downstream Defendant Releasees"), of any violation of Proposition 65 based on
 failure to warn about alleged exposure to CrVI contained in Covered Products manufactured,
 distributed, sold, or offered for sale by Settling Defendant prior to the Effective Date.

5 8.2 Provided that Settling Defendant has made all the payments required by Section 6 6 hereof, CEH, for itself and its agents, successors, and assigns, releases, waives, and forever 7 discharges any and all claims, actions, suits, demands, liabilities, and proceedings both at law and 8 in equity against Settling Defendant, Defendant Releasees, and Downstream Defendant Releasees 9 arising from any violation of Proposition 65 or any other statutory or common law claims that 10 have been or could have been asserted by CEH regarding the failure to warn about exposure to 11 CrVI arising in connection with Covered Products manufactured, distributed, sold, or offered for 12 sale by Settling Defendant prior to the Effective Date.

8.3 Provided that Settling Defendant has made all the payments required by Section 6
hereof, compliance with the terms of this Consent Judgment by Settling Defendant shall
constitute compliance with Proposition 65 by Settling Defendant, Defendant Releasees, and
Downstream Defendant Releasees with respect to any alleged failure to warn about CrVI in
Covered Products manufactured, distributed, sold, or offered for sale by Settling Defendant after
the Effective Date, except as to any Downstream Defendant Releasee that fails to provide a
warning provided to said entity pursuant to Section 4.2 in a manner consistent with such Section.

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9.

PROVISION OF NOTICE

9.1 When CEH is entitled to receive any notice under this Consent Judgment, the
notice shall be sent by first class and electronic mail to:

Joseph Mann Lexington Law Group, LLP 503 Divisadero Street San Francisco, CA 94117 jmann@lexlawgroup.com

9.2 When any Settling Defendant is entitled to receive any notice under this Consent
 4.1 Indement the notice shall be cart by first class and electronic reciil to:

Judgment, the notice shall be sent by first class and electronic mail to:

| 1 | Valentina Maffei | | |
|--------------|---|--|--|
| 2 | Legal and Corporate Affairs Department | | |
| 3 | Chief of Legal Affairs - Contracts & Litigation GEOX S.p.a. | | |
| | Via Feltrina 16 – 31044 | | |
| 4 | Biadene di Montebelluna (TV) | | |
| 5 | ITALY Valentina.Maffei@geox.com | | |
| 6 | | | |
| 7 | With a copy by email to: | | |
| | Fred H. Perkins | | |
| 8 | Morrison Cohen LLP | | |
| 9 | 909 Third Avenue New York, NY 10022 | | |
| 10 | fhperkins@morrisoncohen.com | | |
| 11 | 9.3 Any Party may modify the person and address to whom the notice is to be sent by | | |
| 12 | | | |
| 13 | sending the other Party notice by first class or electronic mail. | | |
| | 10. COURT APPROVAL | | |
| 14 | 10.1 This Consent Judgment shall become effective as a contract upon the date signed | | |
| 15 | by CEH and Settling Defendant, whichever is later, provided however that CEH shall also | | |
| 16 | prepare and file a Motion for Approval of this Consent Judgment and Settling Defendant shall | | |
| 17 | support approval of such Motion. | | |
| 18 | 10.2 If this Consent Judgment is not entered by the Court, it shall be of no further force | | |
| 19 | or effect and shall not be introduced into evidence or otherwise used in any proceeding for any | | |
| 20 | purpose. | | |
| 21 | 11. GOVERNING LAW AND CONSTRUCTION | | |
| 22 | 11.1 The terms of this Consent Judgment shall be governed by the laws of the State of | | |
| 23 | California. | | |
| 24 | | | |
| 25 | 12. ATTORNEYS' FEES | | |
| | 12.1 Should CEH prevail on any motion, application for an order to show cause, or | | |
| 26 | other proceeding to enforce a violation of this Consent Judgment, CEH shall be entitled to its | | |
| 27 | reasonable attorneys' fees and costs incurred as a result of such motion or application. Should | | |
| 28 IPARED | -12- CONSENT JUDGMENT – S & A DISTRIBUTION – CASE NO. 23CV045797 | | |
| | | | |

Settling Defendant prevail on any such motion, application for an order to show cause, or other
 proceeding, Settling Defendant may be awarded its reasonable attorneys' fees and costs as a result
 of such motion or application upon a finding by the Court that CEH's prosecution of the motion
 or application lacked substantial justification.

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12.2 Nothing in this Section 12 shall preclude a Party from seeking an award of sanctions pursuant to law.

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13. ENTIRE AGREEMENT

8 This Consent Judgment contains the sole and entire agreement and understanding 13.1 9 of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, 10 negotiations, commitments, or understandings related thereto, if any, are hereby merged herein 11 and therein. There are no warranties, representations, or other agreements between the Parties 12 except as expressly set forth herein. No representations, oral or otherwise, express or implied, 13 other than those specifically referred to in this Consent Judgment have been made by any Party 14 hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, 15 shall be deemed to exist or to bind any of the Parties hereto. Any agreements specifically 16 contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the 17 Parties hereto only to the extent that they are expressly incorporated herein. No waiver of any of 18 the provisions of this Consent Judgment shall be deemed or shall constitute a waiver of any of the 19 other provisions hereof whether or not similar, nor shall such waiver constitute a continuing 20 waiver.

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14. RETENTION OF JURISDICTION

14.1 This Court shall retain jurisdiction of this matter to implement or modify theConsent Judgment.

24 **15.** S

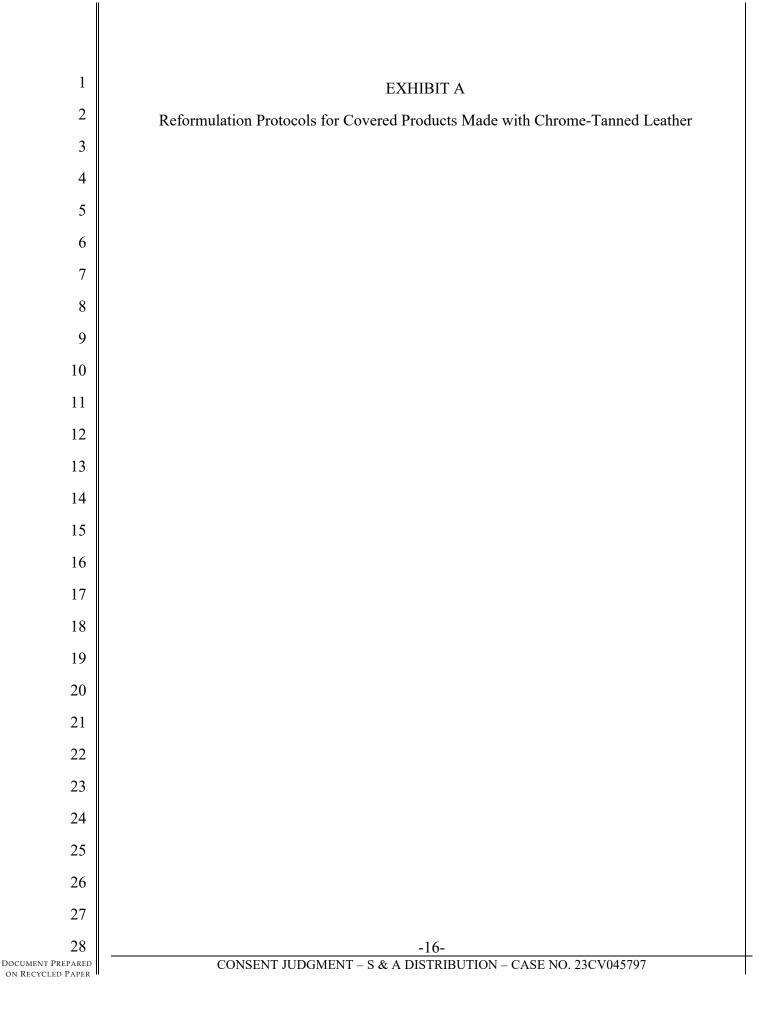
5. SUCCESSORS AND ASSIGNS

15.1 This Consent Judgment shall apply to and be binding upon CEH, the CEH
Releasors, Settling Defendant, and the Defendant Releasees, and their respective divisions,
subdivisions, and subsidiaries, and the successors or assigns of any of them.

| 1 | 16. | AUTHORITY TO STIPULATE TO CONSENT JUDGMENT | |
|--|--|--|--|
| 2 | | 16.1 Each signatory to this Consent Judgment certifies that they are fully authorized by | |
| 3 | the Party they represent to stipulate to this Consent Judgment and to enter into and execute the | | |
| 4 | Consent Judgment on behalf of the Party represented and to legally bind that Party. | | |
| 5 | 17. | NO EFFECT ON OTHER SETTLEMENTS | |
| 6 | | 17.1 Nothing in this Consent Judgment shall preclude CEH from resolving any claim | |
| 7 | against | t an entity that is not Settling Defendant on terms that are different from those contained in | |
| 8 | this Co | onsent Judgment. | |
| 9 | 18. | EXECUTION IN COUNTERPARTS | |
| 10 | | 18.1 The stipulations to this Consent Judgment may be executed in counterparts | |
| 11 | and by | means of facsimile or portable document format (pdf), which taken together shall be | |
| 12 | deeme | d to constitute one document. | |
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| 28 Document Prepared on Recycled Paper | | | |

| 1 | IT IS SO STIPULATED: |
|--|---|
| 2 | Dated: August 2, 2024 CENTER FOR ENVIRONMENTAL HEALTH |
| 3 | |
| 4 | W Solar |
| 5 | Signature |
| 6 | |
| 7 | Kizzy Charles-Guzman Printed Name |
| 8 | |
| 9 | CEO Title |
| 10 | |
| 11 | |
| 12 | Dated:, 2024 S & A DISTRIBUTION, INC. |
| 13 | |
| 14 | Signature |
| 15 | |
| 16 | Printed Name |
| 17 | |
| 18 | Title |
| 19 | |
| 20 | IT IS SO ORDERED: |
| 21 | |
| 22 | Dated: , 2024 |
| 23 | Judge of the Superior Court |
| 24 | |
| 25 | |
| 26 | |
| 27 | |
| 28 | -15- |
| DOCUMENT PREPARED ON RECYCLED PAPER | CONSENT JUDGMENT – S & A DISTRIBUTION – CASE NO. 23CV045797 |

| 1 | IT IS SO STIPULATED |): | |
|--|---------------------|---------------|--|
| 2 | Dated: | , 2024 | CENTER FOR ENVIRONMENTAL |
| 3 | | | HEALTH |
| 4 | | | |
| 5 | | | Signature |
| 6 | | | |
| 7 | | | Printed Name |
| 8 | | | |
| 9 | | | Title |
| 10 | | | |
| 11 | | 2024 | C & A DISTRIBUTION INC |
| 12 | Dated: July 31 | , 2024 | S & A DISTRIBUTION, INC. |
| 13 | | | Bridgette Alally |
| 14 | | | Bridgette Nally Signature |
| 15 | | | Bridgette Nally |
| 16 | | | Printed Name |
| 17 | | | Officer - Secretary |
| 18 | | | Title |
| 19 | | | |
| 20 | IT IS SO ORDERED: | | |
| 21 | | | |
| 22 | Dated: | , 2024 | Judge of the Superior Court |
| 23 | | | Judge of the Superior Court |
| 24 25 | | | |
| 23 26 | | | |
| 20 27 | | | |
| 27 28 | | | -15- |
| DOCUMENT PREPARED ON RECYCLED PAPER | CONSENT | TJUDGMENT – S | & A DISTRIBUTION – CASE NO. 23CV045797 |



LEATHER TANNING/FINISHING PROTOCOL FOR COMPLIANCE WITH PROPOSITION 65 REQUIREMENTS TO MINIMIZE POTENTIAL FORMATION OF HEXAVALENT CHROMIUM

Background: For purposes of compliance with Proposition 65, the following Protocol is intended to establish good manufacturing practices and measures for chrome-tanned or chrome-retanned leather in order to eliminate or minimize the presence and potential formation of hexavalent chromium (CrVI) in such leather intended for footwear products sold in California. Settling Defendants shall be required to comply with the terms of the Protocol prior to manufacturing or processing leather footwear for sale in California or to require compliance with the Protocol by third party manufacturers and suppliers of leather intended for such products.

Certification with overall Gold rating under the Leather Working Group (LWG) Audit Protocol shall be considered in assessing compliance with this Protocol. For companies attaining a lower overall LWG medal rating, compliance assessment also shall consider attainment of Gold rating in the sections of the LWG Protocol relating to Restricted Substances Lists and Chemical Management (currently Section 9 "Restricted Substances, Compliance, Chromium VI Management" and Section 16 "Chemical Management" of Issue 7.2.2 of the LWG Protocol).

Leather Tanning/Finishing Protocol

The following protocol for chrome-tanners/retanners identifies good manufacturing practices recognized by the leather tanning industry to eliminate or minimize the formation of hexavalent chromium in chrome-tanned or chrome re-tanned leather. Tannery shall provide transport and storage instructions specifying recommended temperature, humidity, and light conditions sufficient to maintain physical and chemical properties of the leather relevant to CrVI formation.

Upon written agreement of the Parties, this Protocol may be re-evaluated and revised appropriately to reflect advances in technology and production processes. Unless otherwise noted, references to test methods, detection limits, and other standards are to the version in place as of adoption of this Protocol.

1. <u>Process Stage: Beamhouse</u>

- 1.1. <u>Degreasing</u>: Thorough degreasing processes must be employed to reduce the presence of natural fats that can diminish leather quality and potentially contribute to CrVI formation.
 - 1.1.1. Perform thorough and consistent degreasing during beamhouse operations involving sheepskin, pigskin, and other high-fat content hides (*i.e.*, fat content over 3% dry weight basis). These materials can be very greasy and may require a specific, separate degreasing operation to reduce the fat content.
 - 1.1.2. Processing of bovine hides should include the use of surfactants to ensure fat content less than 3% dry weight basis.
 - 1.1.3. Use of halogenated organic degreasing agents is prohibited.
 - 1.1.4. Use only aqueous degreasing agents.

- 1.1.5. Do not use products with oxidative potential.
- 1.1.6. If bleaching is required (under exceptional circumstances to reduce natural skin pigmentation when producing very pale leather), products with oxidative potential may be necessary. If used, the process should incorporate iodine-starch paper for each batch of leather being processed to check oxidative potential and, if necessary, use reducing agent prior to addition of chromium in tanning stage.
- 1.1.7. Wash limed hides/pelts properly after liming and decalcifying.

2. <u>Process Stage: Tanning/Wet Blue</u>

- 2.1. <u>*Tanning Agents*</u>: Chromium-containing tanning agents must not contain intentionally added or detectable levels¹ of CrVI.
- 2.1.1. Obtain from chemical supplier test reports for each supplier production batch conducted pursuant to ISO 19071 for CrVI in chromium tanning agents demonstrating detectable levels of CrVI no higher than the levels specified in the most current version of the ZDHC Manufacturing Restricted Substances List ("MRSL")² (as analyzed by the test method specified therein).
- 2.1.2. Maintain inventory control to ensure quality of tanning agents at time of use. Use of tanning/retanning agents past their "use by" date is prohibited.
- 2.1.3. Tanning process vessels and associated make-up and delivery systems to be thoroughly cleaned and maintained using best practices.
- 2.1.4. Water used during the tanning process and to clean apparatus, tubs, tools, and other equipment must have undetectable levels of CrVI.
 - 2.1.4.1. Recycled water must be tested regularly (at least annually) and verified as having undetectable levels of CrVI; water received directly from municipal or permitted wells does not require repeat verification of CrVI levels but should be analyzed to confirm absence of CrVI.
- 2.1.5. Storage conditions must be maintained in accordance with chemical supplier instructions. Storage of chemicals outside of manufacturer recommendations is prohibited, unless representative samples of the chemicals are tested to confirm undetectable levels of CrVI no later than one month prior to use. ISO 19071 or other CrVI test methods appropriate to the chemical shall be employed.
- 2.1.6. Final wash must be employed to remove unfixed chrome to the extent feasible.
- 2.1.7. Use of chromium tanning agents recycled by the tannery is prohibited unless tested regularly (at least annually) to confirm undetectable CrVI via ISO 19071.
- 2.2. <u>Use of Oxidizing Agents</u>: The use of oxidizing agents such as sodium chlorite (or hypochlorite) in the pickle, or of potassium permanganate in pre-tanning wet-end operations, increases the risk of the formation of CrVI.

¹ The terms "detectable/undetectable levels" of CrVI shall be defined by the relevant test method appropriate for the chemical.

² The ZDHC MRSL is the minimum standard for the CrVI standard in this Protocol. Reference to other CrVI limits from other MRSLs may be used if they meet or exceed the stringency of the ZDHC standard. The current version of the ZDHC MRSL is v.3.1 and can be found at: <u>https://mrsl-30.roadmaptozero.com/mrslpdf?for=Consultancy</u>. All references to the ZDHC MRSL in this Protocol refer to the then most current version of the ZDHC MRSL. This note applies to all references to ZDHC in this Protocol.

- 2.2.1. Oxidizing agents may only be used if they can be shown to be absolutely necessary (*e.g.*, for white or pastel shades) and if the residuals are reduced prior to the addition of chrome tanning agents. Starch-iodide test papers (must show no color development) or Oxidation-Reduction Potential ("ORP") measurement (must show a negative reading indicating a reducing agent) shall be used to confirm lack of oxidative potential.
- 2.3. Measure and monitor levels of residual natural fats in wet blue leather. Bovine leather shall contain no more than 3% residual fat as measured below. Pigskin leather shall contain no more than 7% residual fat, as measured below. Other leather (*e.g.*, sheep, goat, *etc.*) shall contain no more than 4% fat, as measured below.
- 2.3.1. Monitoring must indicate an average grease content of less than 3% (bovine) or 4% (other) by weekly analysis or per 30 batches of production, whichever is the more frequent. For pigskin, monitoring must indicate an average grease content of less than 7% by monthly analysis or per 30 batches of production, whichever is the more frequent. (A "batch" is a production drum load or a group of hides/skins that are processed together as a unit.)
- 2.3.2. Alternatively, the wet blue leather must have a maximum of 0.5% of Free Fatty Acids (using test method ISO 4048:2018)
- 2.4. If wet blue is used as a starting material: Wet blue bought from other suppliers must be shown to be free of CrVI (using the ISO 17075-2 test method after ageing procedure) and to have fat content less than 3% (bovine), 7% (pigskin), or 4% (other). For pigskin with fat content over 4%, additional degreasing shall be performed before or during the retan stage to reduce fat content below 4%.

3. <u>Process Stage: Retanning/Wet End/Finishing</u>

- 3.1. <u>*Retanning Agents*</u>: Optimization of chrome fixation is critical to reduce extractable chrome levels and the potential for CrVI formation.
 - 3.1.1. Use of oxidizing agents (such as ammonia-based chemicals/bleach) after chrome tanning is prohibited.
 - 3.1.2. Confirm selection of appropriate retaining agents for binding behavior and/or use of complexing agents. Maintain documentation.
 - 3.1.3. Chromium-containing retaining agents must not contain intentionally added or detectable levels of CrVI higher than the levels specified in the ZDHC MRSL.
 - 3.1.4. Obtain from chemical supplier test reports conducted pursuant to ISO 19071 demonstrating undetectable levels of CrVI.
 - 3.1.5. Maintain inventory control to ensure quality of retanning agents at time of use. Use of retanning agents past their "use by" date is prohibited.
- 3.2. Retanning process vessels and associated make-up and delivery systems to be thoroughly cleaned and maintained using best practices.
- 3.3. Water used during retaining process and to clean apparatus, tubs, tools, and other equipment must have undetectable levels of CrVI. Recycled water must be tested

regularly (at least annually) and verified as having undetectable levels of CrVI; water received directly from municipal or permitted wells does not require repeat verification of CrVI levels but should be analyzed to confirm absence of CrVI.

- 3.4. Storage conditions must be maintained in accordance with chemical supplier instructions. Storage of chemicals outside of manufacturer recommendations is prohibited, unless representative samples of the chemicals are tested to confirm undetectable levels of CrVI no later than one month prior to use. ISO 19071 or other CrVI test methods appropriate to the chemical shall be employed.
- 3.5. Final wash must be employed to remove unfixed chrome to the extent feasible.
- 3.6. Use of chromium retanning agents recycled by the tannery is prohibited unless tested regularly (at least annually) to confirm undetectable CrVI via ISO 19071.
- 3.7. Use scavenging agents, such as 1%-3% vegetable tanning extracts, for antioxidant protection, or use commercially-available synthetic antioxidants specifically formulated for the purpose and according to manufacturer specifications. (Antioxidants may be introduced directly or as part of the retanning agent formulation.)
 - 3.7.1. Add antioxidants during retanning process to enable longer-lasting antioxidant efficacy. Use of only spray-on antioxidants is prohibited.
- 3.8. *Dyes and Pigments*:
 - 3.8.1. Dye and pigments must not contain intentionally added or detectable levels of CrVI.
 - 3.8.2. Obtain from chemical supplier test reports conducted pursuant to ISO or EPA test method for CrVI demonstrating undetectable levels of CrVI.
 - 3.8.3. Obtain from chemical supplier certification that dyes or pigments lack oxidative potential (through ORP measurement showing a negative reading indicating a reducing agent or other appropriate method).
 - 3.8.4. If chromium-containing dyes or pigments are used, final product must be tested annually (or sooner if there is a change in formula) to confirm levels of CrVI below detection limit. Test using ISO 17075-2.
 - 3.8.5. Use of dyes and pigments must be compliant with the ZDHC MRSL.
- 3.9. *Bleaches*:
 - 3.9.1. Use of aggressive bleaches, peroxides, and potassium permanganate (KMnO4) as bleaching agents after tanning is prohibited.
- 3.10. *Fatliquors*: Fatliquors must be suitably formulated with an appropriate antioxidant to protect against CrVI formation. Fish and vegetable oils in particular must be formulated with an appropriate antioxidant to protect against CrVI formation. Do not use fatliquors without having first obtained from the supplier a statement confirming that fatliquors are formulated with an appropriate antioxidant.

- 3.11. Inventory control must be maintained to ensure quality of fatliquors at time of use and that all fatliquors are used prior to "use by" dates.
- 3.12. Chemical storage conditions must be maintained in accordance with chemical supplier instructions to avoid fatliquor breakdown. Storage in conditions outside of manufacturer recommendations is prohibited, unless representative samples of the chemicals are tested to confirm the absence of oxidative potential no later than one month prior to use. Starch-iodide test papers (must show no color development) or ORP measurement (must show a negative reading indicating a reducing agent) shall be used to confirm lack of oxidative potential.
- 4. <u>Finishing Oils/Waxes</u>: Oils and wax finishes containing a high level of unsaturated fats are more likely associated with CrVI formation.
 - 4.1. Obtain from supplier a statement confirming that finishing oils and waxes are suitable for use and do not contribute to CrVI formation (such as by indicating compliance with ZDHC MRSL specifications).
- 5. <u>pH Levels</u>: Careful monitoring of pH through the entire set of tanning, retanning, fatliquoring, and dyeing process stages is critical to the avoidance of CrVI in the finished leather product. The potential for formation of CrVI increases at higher pH. While the neutralization process during wet end retanning will raise pH, this will be reversed during subsequent acidification and fixation.
 - 5.1. The pH must be maintained below 4.0 in the final bath (fixation) of the re-tanning process to ensure entire cross-section of leather is at acidic pH. Maintain documentation of final pH.
 - 5.2. Acidification at the end of wet end processing should be done in a steady manner with 2-3 additions of acid.
 - 5.3. Allow sufficient time to ensure complete acid penetration, depending on thickness and other processing conditions.
 - 5.4. The pH through the entire leather cross-section must be consistently below 4.5 in finished leather. Document final pH of leather determined during research and development. Conduct random audit sampling to ensure pH of final leather product is below 4.5 and maintain documentation.
- 6. <u>*Final Wash:*</u> Final wash must be employed to remove unfixed chrome. The pH of wash waters may need to be adjusted (lowered) to avoid localized, surface raising of pH.
 - 6.1. Drying: Solar irradiation is prohibited during drying of the leather.

7. <u>Mold:</u>

7.1. Use of ammonia to prevent mold formation is prohibited. If a fungicide is to be used to prevent mold formation a declaration should be obtained from the manufacturer to confirm that its use will not contribute to the potential formation of CrVI.

8. <u>Process Stage: Storage and Transportation</u>

8.1. Storage and transportation conditions must be monitored to maintain temperature, humidity, and light exposure to reduce the possibility of CrVI formation. Tannery shall provide storage instructions specifying recommended temperature, humidity, and light conditions sufficient to maintain physical and chemical properties of the leather.

9. Good Manufacturing and Quality Control Standards

- 9.1. The following quality assurance procedures must be implemented in order to ensure the prevention of CrVI formation throughout the entire production process:
 - 9.1.1. Ensure cleanliness and good organization within the entire production facility.
 - 9.1.2. Storage conditions must be regularly checked to ensure that chemical degradation does not occur.
 - 9.1.3. Inventory control (received date, use by date, supplier, batch number, stores location, *etc.*) must be undertaken to ensure that chemicals are not used past their use-by date.
 - 9.1.4. Train employees in the safe use of chemicals and the correct make-up and application procedures for their use in each stage of the process. Educate workers about the potential for formation of CrVI, its potential for harm in the final product, and their role in ensuring process recipes are followed in order to ensure manufacture of a safe product. Ensure that all safety data sheets are current and available for each chemical, and that employees have been trained to properly handle and store the chemicals. Maintain written chemical management policy.
 - 9.1.5. All process steps must be documented, including the chemicals used in order to ensure transparency in the manufacturing or processing procedure.
 - 9.1.6. Ensure that the products which you use to degrease, tan, dye, or retan the leather do not contain intentionally added or detectable levels of CrVI higher than the levels specified in the ZDHC MRSL and have low oxidation potential. Obtain from chemical supplier a statement confirming that chemicals are suitable for use and do not contribute to CrVI formation or have oxidative potential. If stored outside of supplier recommendations or past "use by" dates, use iodine-starch paper or ORP measurement to check oxidative potential and if necessary use reducing agent prior to use.
 - 9.1.7. Use of chemicals which contain intentionally added CrVI or which the manufacturer cannot guarantee as having detectable levels of CrVI no higher than the levels specified in the ZDHC MRSL is prohibited.
 - 9.1.8. Maintain detailed internal quality control records.
 - 9.1.9. Testing: Annually test representative samples of finished leather for CrVI. Refer to AFIRM Restricted Substances List (available at https://afirm-group.com/wp-

content/uploads/2023/04/2023_AFIRM_RSL_2023_0419a.pdf) for recommended testing method.