

SETTLEMENT AND RELEASE AGREEMENT

1. INTRODUCTION

1.1. Keep America Safe and Beautiful and Vireo Systems, Inc.

This Settlement Agreement is entered into by and between Keep America Safe and Beautiful (“KASB”), represented by its attorneys KJT Law Group, LLP, on the one hand, and Vireo Systems, Inc. (“Vireo”), on the other hand, with KASB and Vireo collectively referred to as the “Parties.”

1.2. General Allegations

KASB alleges that Vireo manufactured, distributed, and offered for sale in the State of California certain of its products containing lead and that such sales have not included warnings pursuant to 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 specific product covered by this Settlement Agreement is defined as CON-CRET + NITRIC OXIDE – WITH HydroNOx – Blood Orange Berry – UPC #: X003X8HX89, which KASB alleges Vireo has sold, offered for sale, manufactured, or distributed in California. All such items shall be referred to herein as the “Covered Product.”

1.4. Notice of Violation

On January 2, 2024, Keep America Safe and Beautiful served Vireo 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” (“KASB’s

Notice”), which provided Vireo and such public enforcers with notice of allegations that KASB conducted testing purportedly demonstrating that Vireo’s Covered Product was 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 KASB’s 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. Vireo denies all material, factual, and legal allegations or conclusions contained in KASB’s Notice and maintains that any and 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 or any and all other federal, state, or local statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by Vireo of any fact, finding, issue of law, conclusion, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Vireo of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Vireo. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Vireo under this Settlement Agreement.

1.6. **Effective Date**

For purposes of this Settlement Agreement, the term “Effective Date” shall mean the date this Settlement Agreement is fully executed.

2. INJUNCTIVE RELIEF

2.1 Beginning on the Effective Date, Vireo 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, 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 2.2.

As used in this Settlement Agreement, the term “Distributing 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 Vireo knows or has reason to know will sell the Covered Product in California. The injunctive relief in Section 2 does not apply to any Covered Product that has left the possession, and is no longer under the control of Vireo prior to the Effective Date and all claims as to such Covered Product is released in this Settlement Agreement.

For purposes of this Settlement Agreement, the “Daily Lead Exposure Level” shall be measured in micrograms when analyzed by a laboratory accredited by the State of California, a federal agency, or a nationally recognized accrediting organization (“Accredited Laboratory”), 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.

2.2 Clear and Reasonable Warnings

If Vireo is required to provide a warning pursuant to Section 2.1, one of the following warnings must be utilized (“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 <http://www.p65warnings.ca.gov/food>

Vireo shall use the phrase “cancer and” in the Warning if the exposure level is greater than 15 micrograms of lead per day.

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. 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 container or wrapper. The warning must be set off from other surrounding information, enclosed in a box. If consumer information on the package is in a foreign language, the warning must also be provided in the foreign language. In addition, for any Covered Product sold over the internet, the Warning shall appear on the checkout page in full text or through a clearly marked hyperlink using the word “WARNING” in all capital and bold letters when a California delivery address is indicated for

any purchase of any Covered Product. If a hyperlink is used, the hyperlink must go directly to a page prominently displaying either the Option 1 Warning or the Option 2 Warning without content that detracts from the Warning. An asterisk or other identifying method must be utilized to identify which products on the checkout page are subject to the Warning. The Warning shall comply with the Safe Harbor Provisions, applicable to the Covered Product and chemical at issue, as those regulations may be amended from time to time.

3. CONSIDERATION

In settlement of all the claims referred to in this Settlement Agreement, Vireo has agreed to pay \$30,000.00 (“Settlement Amount”).

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

In settlement of all the claims referred to in this Settlement Agreement, \$3,000.00 of the Settlement Amount shall be considered a “civil penalty.” The civil penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds (\$2,250.00) remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty (\$750.00) shall be remitted to KASB. Vireo shall make these payments on or before December 27, 2024, at which time such payments shall be made as follows:

All payments owed to KASB shall be delivered by the way of wire transfer to the following payment address:

Beneficiary: Keep America Safe and Beautiful
Wells Fargo Bank Routing Number: 121000248
Wells Fargo Bank Account Number: 6767279471
Beneficiary Address: 10512 Sycamore Avenue, Stanton, CA 90680-2629

All payments owed to OEHHA shall be delivered directly to OEHHA at the following

addresses:

For United States Postal Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
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, MS #19B
Sacramento, CA 95814.

5. REIMBURSEMENT OF FEES AND COSTS

In settlement of all the claims referred to in this Settlement Agreement, \$27,000.00 of the Settlement Amount shall be considered reimbursement of KASB's attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice. The Parties reached an accord on the compensation due to KASB and its counsel under the private attorney general doctrine and principles of contract law. Vireo shall make these payments on or before December 27, 2024, at which time such payments shall be made as follows:

All payments owed to KASB's counsel shall be delivered to:

**KJT LAW GROUP LLP
230 Maryland Avenue, Suite 306
Glendale, CA 91206.**

6. RELEASE OF ALL CLAIMS

6.1. Release of Vireo, 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, KASB, on behalf of itself, hereby

waives all rights is has or may have 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 Vireo, its equity owners, parent companies, corporate affiliates, subsidiaries, predecessors, successors and assigns (collectively "Releasees") and each of its distributors, wholesalers, licensors, licensees, auctioneers, retailers, including but not limited to Amazon.com Services, LLC – for any alleged violations of Proposition 65, or any other alleged violations of statutory or common law, arising from alleged exposure to lead and/or all facts alleged in the Notice in relation to the Covered Product, up through the Effective Date.

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 Product will develop or be discovered. This Settlement Agreement is expressly intended to cover and include all such claims up through the Effective Date. KASB, in its capacity, expressly waives and relinquishes any and all rights and benefits that it may have under, or which may be conferred on it 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 the released matters.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California.

negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

12. MODIFICATION

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

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. 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 December 15, 2024 .

Keep America Safe and Beautiful



By: Lance Nguyen - COO

Executed on December 12, 2024 .

Vireo Systems, Inc.

Mark C Faulkner

By: _____

Its: President