

SETTLEMENT AGREEMENT BETWEEN APS&EE, LLC AND SHEIN US SERVICES, LLC

1. RECITALS

1.1 The Parties

1.1.1 This Settlement Agreement (“Agreement”) is entered into by and between APS&EE, LLC (“APS&EE”) and SHEIN US Services, LLC (“Shein”). APS&EE and Shein shall hereinafter collectively be referred to as the “Parties.”

1.1.2 APS&EE is an organization based in California with an interest in protecting the environment, improving human health and the health of ecosystems, and supporting environmentally sound practices, which includes promoting awareness of exposure to toxic chemicals and reducing exposure to hazardous substances found in consumer products.

1.1.3 APS&EE alleges that Shein is a company in the course of doing business as the term is defined in California *Health & Safety Code* section 25249.6 et seq. (“Proposition 65”).

1.2 Allegations

1.2.1 APS&EE alleges that Shein sold bags by Shunxi, including but not limited to “Crocodile Embossed Envelope Bag Medium Flap” sg2304027558795223 (hereinafter the “Products”), in the State of California causing users in California to be exposed to unsafe levels of Di (2-ethylhexyl) Phthalate (“DEHP”) without providing “clear and reasonable warnings,” in violation of Proposition 65. DEHP is listed by the State of California as known to cause cancer and reproductive toxicity.

1.2.2 On January 30, 2024, APS&EE provided a Sixty-Day Notice of Violation (the “Notice”), along with a Certificate of Merit, to Shein, Shein Distribution Corporation, Zoetop Business Co., Ltd., and the various public enforcement agencies regarding the alleged violation of Proposition 65 with respect to the Products.

1.2.3 On February 1, 2021, in a previous Proposition 65 action related to exposure to listed chemicals (including DEHP) from handbags, purses, and clutches, a Consent Judgment executed by APS&EE, Shein Fashion Group, Inc., and Zoetop Business Co., Ltd., was entered by the Court in Los Angeles County Superior Court, Case No. 20STCV35570 (hereinafter, the “Shein Consent Judgment”). Shein denied all allegations in the notices and complaint associated with APS&EE’s prior action in the Shein Consent Judgment. The Shein Consent Judgment included specific injunctive relief related to reformulation or clear and reasonable warnings. APS&EE alleges that Shein violated the Shein Consent Judgment with respect to the Products identified herein. APS&EE therefore filed a Motion To Enforce Proposition 65 Settlement and Consent Judgment in Los Angeles County Superior Court, Case No. 20STCV35570, with a hearing currently set for December 3, 2024.

1.3 No Admissions

Shein denies all allegations in APS&EE’s Notice and maintains that the Products have been, and are, in compliance with all laws, and that Shein has not violated Proposition 65 or the Shein Consent Judgment. This Agreement shall not be construed as an admission of liability by Shein but to the contrary as a compromise of claims that are expressly contested and denied. However, nothing in this section shall affect the Parties’ obligations, duties, and responsibilities under this Agreement.

1.4 Compromise

The Parties enter into this Agreement in order to resolve the controversy described above in a manner consistent with prior Proposition 65 settlements and consent judgments that were entered in the public interest and to avoid prolonged and costly litigation between them.

1.5 Effective Date

The “Effective Date” shall be the date upon which a complete and fully executed copy of the Agreement is delivered to each Party or its counsel.

2. INJUNCTIVE RELIEF

Section 2 of the Shein Consent Judgment is incorporated by reference, as if fully set forth herein. Shein reaffirms its agreement to fully comply with Section 2 of the Shein Consent Judgment.

3. PAYMENTS

3.1 Civil Penalty Pursuant To Proposition 65

In settlement of all claims referred to in this Agreement, Shein shall pay a total civil penalty of one thousand dollars (\$1,000.00) to be apportioned in accordance with *Health and Safety Code* section 25249.12(c)(1) and (d), with 75 percent (\$750.00) for State of California Office of Environmental Health Hazard Assessment (“OEHHA”), and the remaining 25 percent (\$250.00) for APS&EE.

Shein shall issue these payments collectively as part of the total payment described below in Section 3.2 via wire transfer to the Law Offices of Lucas T. Novak. After receipt of the wire transfer, the Law Offices of Lucas T. Novak shall be responsible for forwarding the respective payments to OEHHA and APS&EE.

3.2 Reimbursement Of APS&EE’s Fees And Costs

Shein shall reimburse APS&EE’s reasonable experts’ and attorneys’ fees and costs incurred in prosecuting the instant action, for all work performed through execution of this Agreement, in the amount of thirteen thousand dollars (\$13,000.00). Accordingly, Shein shall remit total payment via ACH transfer or wire transfer to the Law Offices of Lucas T. Novak in the amount of fourteen thousand dollars (\$14,000.00) (the “Payment”), which includes the civil penalty described in Section 3.1, within thirty (30) days of the Effective Date. Counsel for APS&EE shall e-mail counsel for Shein a completed W-9 Form and an invoice for the Payment which states “For Settlement of Claims,” addressed to “SHEIN US Services, LLC, 777 S. Alameda St., Fl. 2, Los Angeles, CA 90021.” Shein shall pay the Payment by ACH transfer or wire transfer to the Law Offices of Lucas T. Novak, within thirty (30) days of its counsel’s receipt of this

fully-executed Agreement, completed W-9 Form and invoice.

4. RELEASES

4.1 APS&EE's Release Of Shein

APS&EE, acting in its individual capacity, in consideration of the promises and monetary payments contained herein, hereby releases Shein, its parents, subsidiaries, shareholders, directors, members, officers, employees, affiliates under common ownership or control, attorneys, successors and assignees, as well as its downstream distributors, retailers, and franchisees, as well as Shein Distribution Corporation and Zoetop Business Co., Ltd. (collectively "Released Parties"), from any alleged Proposition 65 violation claims asserted in APS&EE's Notice, as well as any alleged breach of the Shein Consent Judgment, regarding failure to warn about exposure to DEHP from the Products sold by Shein before and up to the Effective Date. Within five (5) business days after receipt of full payment by Shein as described in Section 3 above, APS&EE shall withdraw its Motion To Enforce Proposition 65 Settlement and Consent Judgment in Los Angeles County Superior Court, Case No. 20STCV35570.

4.2 Shein's Release Of APS&EE

Shein, by this Agreement, waives all rights to institute any form of legal action against APS&EE, its shareholders, directors, members, officers, employees, attorneys, experts, successors and assignees for actions or statements made or undertaken, whether in the course of investigating claims or seeking enforcement of Proposition 65 against Shein in this matter. If any Released Party should institute any such action, then APS&EE's release of said Released Party in this Agreement shall be rendered void and unenforceable.

4.3 Waiver Of Unknown Claims

Each of the Parties acknowledges that it is familiar with Section 1542 of California Civil Code which provides as follows:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT
THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR**

SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Each of the Parties waives and relinquishes any right or benefit it has or may have under Section 1542 of California Civil Code or any similar provision under the statutory or non-statutory law of any other jurisdiction to the full extent that it may lawfully waive all such rights and benefits. The Parties acknowledge that each may subsequently discover facts in addition to, or different from, those that it believes to be true with respect to the claims released herein. The Parties agree that this Agreement and the releases contained herein shall be and remain effective in all respects notwithstanding the discovery of such additional or different facts.

5. SEVERABILITY

Should any part or provision of this Agreement for any reason be declared by a Court to be invalid, void or unenforceable, the remaining portions and provisions shall continue in full force and effect.

6. GOVERNING LAW

The terms of this Agreement shall be governed by the laws of the State of California. The Agreement is entered into in the State of California and may only be enforced in the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable or limited by reason of law generally, or as to the Products, Shein shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, a Product is so affected.

7. PUBLIC BENEFIT

It is Shein's understanding that the commitments it has agreed to herein, and actions to be taken by Shein under this Settlement Agreement confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of Shein that to the extent any other private party serves a notice and/or initiates an action alleging a violation of Proposition 65 with

respect to Shein’s alleged failure to provide a warning concerning actual or alleged exposure to DEHP prior to use of the Products it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Products addressed in this Settlement Agreement, provided that Shein is in material compliance with this Settlement Agreement.

8. NOTICE

All correspondence and notice required to be provided under this Agreement shall be in writing and delivered personally or sent by first class or certified mail addressed as follows:

<p>TO SHEIN: Will Wagner, Esq. Greenberg Traurig, LLP 400 Capitol Mall, Suite 2400 Sacramento, CA 95814</p>	<p>TO APS&EE: Lucas T. Novak, Esq. Law Offices of Lucas T. Novak 8335 W Sunset Blvd., Suite 217 Los Angeles, CA 90069</p>
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9. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute the same document. Execution and delivery of this Agreement by e-mail, facsimile, or other electronic means shall constitute legal and binding execution and delivery. Any photocopy of the executed Agreement shall have the same force and effect as the originals.

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

APS&EE agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f).

11. MODIFICATION

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

12. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof.

13. AUTHORIZATION

The undersigned are authorized to execute this Agreement on behalf of their respective Party. Each Party has read, understands, and agrees to all of the terms and conditions of this Agreement. Each Party warrants to the other that it is free to enter into this Agreement and is not subject to any conflicting obligation that will or might prevent or interfere with the execution or performance of this Agreement by said Party.

AGREED TO:

Date: 10.3.2024

By: 
Authorized Representative of APS&EE, LLC

AGREED TO:

Date: October 2, 2024

By: 
Authorized Representative of SHEIN US Services, LLC