

## SETTLEMENT AGREEMENT

### **1. INTRODUCTION**

#### **1.1 Parties**

This Settlement Agreement is entered into by and between Environmental Health Advocates, Inc. (“EHA”), on the one hand, and Empacadora San Marcos USA, LLC (“Empacadora San Marcos”), on the other hand, with EHA and Empacadora San Marcos each individually referred to as a “Party” and collectively as the “Parties.” EHA is a corporation in the State of California serving in the interest of the general public by seeking to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. EHA alleges that Empacadora San Marcos is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code § 25249.6 *et seq.* (“Proposition 65”).

#### **1.2 General Allegations**

EHA alleges that Empacadora San Marcos manufactures, sells, and/or distributes for sale in California, lentil mole products that contain lead and cadmium and that it does so without first providing the health hazard warning required by Proposition 65. Lead is listed pursuant to Proposition 65 as a chemical known to cause cancer and developmental/reproductive harm. Cadmium is listed pursuant to Proposition 65 as a chemical known to cause developmental and reproductive toxicity.

#### **1.3 Product Description**

The products covered by this Settlement Agreement are defined as, and expressly limited to Casa Verde Lentil Mole (“Covered Products”), that are manufactured, sold and/or distributed for sale in California by Empacadora San Marcos.

#### **1.4 Notice of Violation**

On or around February 13, 2024, EHA served Empacadora San Marcos, additional noticed parties, the California Attorney General, and certain other public enforcement agencies with a 60-Day Notice of Violation of Proposition 65 (“Notice”). The Notice alleged that Empacadora San Marcos and other noticed parties had violated Proposition 65 by failing to sufficiently warn

consumers in California of the health hazards associated with exposures to lead and cadmium contained in Covered Products.

To the best of the parties' knowledge, no public enforcer has commenced or is otherwise prosecuting an action to enforce the violations alleged in the Notice.

### **1.5 No Admission**

Empacadora San Marcos denies the material, factual, and legal allegations in the Notice and maintains that all of the products it sold and/or distributed for sale in California, including Covered Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Empacadora San Marcos of any fact, finding, conclusion, issue of law or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Empacadora San Marcos of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Empacadora San Marcos. This Section shall not, however, diminish or otherwise affect Empacadora San Marcos' obligations, responsibilities, and duties 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 executed by the Parties.

### **1.7 Compliance Date**

For purposes of this Settlement, the term "Compliance Date" means 270 days from the Effective Date.

## **2. INJUNCTIVE RELIEF**

### **2.1 Reformulation Standard**

Beginning on the Compliance Date, Empacadora San Marcos shall be permanently enjoined from manufacturing, distributing, or directly selling in the State of California, any Covered Product that exposes a person to (a) a "Daily Lead Exposure Level" of more than 0.5 micrograms of lead based on a single serving per day or (b) a "Daily Cadmium Exposure Level" of more than 4.1 micrograms of cadmium per day based on a single serving per day, unless such Covered Products comply with the warning requirements of Section 2.2. The "Daily Lead Exposure Level" and "Daily

Cadmium Exposure Level” shall be calculated by multiplying the recommended serving size in Covered Product by the concentration of lead and cadmium in Covered Products. As used in this Section 2, “distributing in the State of California” means to directly ship Covered Products into California or to sell Covered Products to a distributor Empacadora San Marcos knows will sell Covered Products in California.

## 2.2 General Warning Requirements

Commencing on the Compliance Date, Empacadora San Marcos agrees any Covered Product sold that was not reformulated pursuant to paragraph 2.1 shall contain a Proposition 65 warning. Empacadora San Marcos agrees that each warning shall be prominently placed with such conspicuousness, as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Covered Products the warning applies, so as to minimize the risk of consumer confusion.

For purposes of this Settlement Agreement, a clear and reasonable warning for the Covered Products shall consist of a warning affixed to the packaging, label, tag, directly to each Covered Products sold in California by Empacadora San Marcos, or provided via a placard, shelf tag, sign or electronic device or automatic process that contains or delivers one of the following statements:

1) **[California] WARNING:** Consuming this product can expose you to chemicals including Lead, which are 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](http://www.P65Warnings.ca.gov/food).

OR

2) **[California] WARNING:** Cancer and Reproductive Harm  
– [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

This warning statement shall be enclosed in a box and prominently displayed on the Covered Products, on the packing of the Covered Products, or on a placard, shelf tag, or sign

provided that the statement is displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual prior to sale. If the warning statement is displayed on the Covered Products' packaging, it must be in a type size no smaller than the largest type size used for other consumer information on the product. In no case shall a warning statement displayed on the Covered Products' packaging appear in a type size smaller than 6-point type. If the Covered Products' packaging contains consumer information in a foreign language, a warning statement in that language is required.

As set forth in Cal. Code Regs. Tit. 27, § 25602(b), to the extent Covered Products are sold online, a warning that complies with the content requirements of Cal. Code Regs Tit. 27, § 25603(a) must be provided by including either the warning or a clearly marked hyperlink using the word **“WARNING”** on the product display page, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase. If an on-product warning is provided pursuant to Cal. Code Regs. Tit. 27, § 25603(a), the warning provided on the website may use the same content as the on-product warning. For purposes of this section, a warning is not prominently displayed if the purchaser must search for it in the general content of the website. These requirements extend to any websites under the exclusive control of Empacadora San Marcos where Covered Products are sold into California. In addition, Empacadora San Marcos shall instruct any third-party website to which it directly sells its Covered Products to include the same online warning, as set forth above, as a condition of selling the Covered Products in California.

There shall be no obligation for Empacadora San Marcos to provide a warning for Covered Products that entered the stream of commerce prior to the Effective Date, and the Section 4 release applies to all such Covered Products.

(i) Changes in Warning Regulations or Statutes

In the event that the Office of Environmental Health Hazard Assessment promulgates or proposes one or more regulations requiring or permitting alternative Proposition 65 warning text and/or methods of transmission applicable to the Covered Products and the chemical at issue, or states in writing that such alternative warning text and/or methods of transmission are permissible, which are different than those set forth above, Empacadora San Marcos shall be entitled to use, at

its discretion, such other warning text and/or method of transmission without being deemed in breach of this Agreement. Such other warning text and/or methods of transmission include, but are not limited to, electronic devices or processes (e.g., QR codes) accessible on the packaging of each Covered Product that automatically provide the warning to the purchaser prior to or during the purchase of Covered Products sold in California by Empacadora San Marcos.

If regulations or legislation are enacted providing that Proposition 65 warnings as to lead and cadmium in this product are no longer required, a lack of warning by Empacadora San Marcos will not thereafter be a breach of this Agreement. Empacadora San Marcos shall instruct any third-party website to which it sells its Covered Products to include the same warning as a condition of selling the Covered Products.

### **2.3 Grace Period for Existing Inventory of Covered Products**

The injunctive requirements of Section 2 shall not apply to Covered Products that are already in the stream of commerce as of the Compliance Date, which Covered Products are expressly subject to the releases provided in Section 4.1. For the avoidance of doubt, Covered Products in the stream of commerce specifically include, but are not limited to, Covered Products in the process of manufacture.

## **3. MONETARY SETTLEMENT TERMS**

### **3.1 Civil Penalty Payment**

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Empacadora San Marcos agrees to pay two thousand five hundred (\$2,500.00) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount retained by EHA. Empacadora San Marcos shall issue two separate checks for the initial civil penalty payment to (a) “OEHHA” and (b) Environmental Health Advocates, Inc. as follows:

- One payment of \$1,875.00 to OEHHA, due thirty (30) days after the Effective Date.
- One payment of \$625.00 to EHA, due thirty (30) days after the Effective Date.

All payments owed to OEHHA (EIN: 68-0284486), pursuant to this Section shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
P.O. Box 4010  
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
1001 I Street  
Sacramento, CA 95814

All penalty payments owed to EHA shall be sent to:

Isaac Fayman  
Environmental Health Advocates  
225 Broadway, Suite 1900  
San Diego, CA 92101

### **3.2 Attorney Fees and Costs**

The Parties reached an accord on the compensation due to EHA and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Empacadora San Marcos agrees to pay twenty-two thousand five hundred dollars (\$22,500.00) to EHA and its counsel for all fees and costs incurred in investigating, bringing this matter the attention of Empacadora San Marcos, and negotiating a settlement. The twenty-two thousand five hundred (\$22,500.00) shall be payable to Entorno Law, LLP as follows:

- One payment of \$6,500.00 due thirty (30) days after the Effective Date.
- One payment of \$8,000.00 due sixty (60) days after the Effective Date.
- One payment of \$8,000.00 due ninety (90) days after the Effective Date.

All payments required under this Section shall be delivered to:

Noam Glick  
Entorno Law, LLP  
225 Broadway, Suite 1900  
San Diego, CA 92101

### **3.3 Tax Documentation**

Empacadora San Marcos agrees to provide a completed IRS 1099 for its payments to, and EHA agrees to provide IRS W-9 forms for, each of the payees under this Settlement Agreement. The Parties acknowledge that Empacadora San Marcos cannot issue any settlement payments pursuant to Section 3.1 and 3.2 above until after Empacadora San Marcos receives the requisite W-9 forms from EHA's counsel.

## **4. CLAIMS COVERED AND RELEASED**

### **4.1 EHA's Release of Empacadora San Marcos**

This Settlement Agreement is a full, final, and binding resolution of all claims between EHA, on its own behalf and not on behalf of the public, and Empacadora San Marcos for all claims that can or could have been asserted by EHA, on its own behalf, on behalf of its past and current agents, representatives, attorneys, successors and assignees, against Empacadora San Marcos and each of its respective parents, subsidiaries, affiliated entities under common ownership, including but not limited to Bia Foods International, S.A., directors, officers, members, employees, attorneys, and any entity, including, but not limited to each entity to whom Empacadora San Marcos directly or indirectly distributes or sells the Covered Products, including, but not limited to, its downstream distributors, wholesalers, customers, retailers (including but not limited to Amazon.com, Inc.), franchisees, cooperative members and licensees ("Releasees"), based on the failure to warn about exposures to lead and cadmium required under Proposition 65 in the Covered Products manufactured, sold or distributed for sale in California by Empacadora San Marcos before the Effective Date, as alleged in the Notice, or for any other reason.

In further consideration of the promises and agreements herein contained, EHA on its own behalf and not on behalf of the public, on behalf of its past and current agents, representatives, attorneys, successors and assignees hereby waives any and all rights it may have to institute or

participate in, directly or indirectly, any form of legal action and releases all claims against Empacadora San Marcos and Releasees including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses including, but not exclusively, investigation fees, expert fees and attorney fees arising under Proposition 65 with respect to the alleged or actual failure to warn about exposures to lead and cadmium required under Proposition 65 in the Covered Products manufactured, distributed, sold or offered for sale by Empacadora San Marcos, before the Effective Date.

#### **4.2 Empacadora San Marcos' Release of EHA**

Empacadora San Marcos, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against EHA and its attorneys and other representatives, for any and all actions taken or statements made by EHA and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Covered Products.

#### **4.3 California Civil Code Section 1542**

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. EHA on behalf of itself only, on one hand, and Empacadora San Marcos on behalf of itself only, on the other hand, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through the Effective Date. The Parties acknowledge that the claims released in Sections 4.1 and 4.2 may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads 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.**

EHA and Empacadora San Marcos each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.



**5. PUBLIC BENEFIT**

It is Empacadora San Marcos' understanding that the commitments it has agreed to herein, and actions to be taken by Empacadora San Marcos 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 Empacadora San Marcos 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 Empacadora San Marcos' alleged failure to provide a warning concerning actual or alleged exposure to lead and cadmium prior to use of the Covered 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 Covered Products addressed in this Settlement Agreement, provided that Empacadora San Marcos is in material compliance with this Settlement Agreement.

**6. SEVERABILITY**

If, subsequent to the execution of this Settlement Agreement, any provision of this Settlement Agreement is held by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

**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.

**8. ENFORCEMENT**

In any action to enforce the terms of this Settlement Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and costs.

**9. NOTICE**

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For Empacadora San Marcos:

David Barnes  
Hogan Lovells US LLP  
4 Embarcadero Center, Suite 3500  
San Francisco, CA 94111  
david.barnes@hoganlovells.com

For EHA:

Noam Glick  
Entorno Law, LLP  
225 Broadway, Suite 1900  
San Diego, CA 92101

Any Party may, from time to time, specify in writing to the other a change of address to which all notices and other communications shall be sent.

**10. COUNTERPARTS; FACSIMILE SIGNATURES**

This Settlement Agreement may be executed in counterparts and by facsimile or portable document format (PDF) signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

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

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

**12. MODIFICATION**

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

**13. AUTHORIZATION**

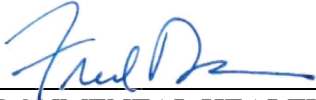
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

**AGREED TO:**

**AGREED TO:**

Date: 09/26/2024

Date: 25/09/2024

By:   
ENVIRONMENTAL HEALTH  
ADVOCATES, INC.

By: Carlos Gerardo Bosch Prieto  
Carlos Gerardo Bosch Prieto (Sep 25, 2024 16:20 MDT)  
EMPACADORA SAN MARCOS USA, LLC