

SETTLEMENT AGREEMENT BETWEEN APS&EE, LLC AND DAISO USA 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 Daiso USA LLC (“Daiso”). APS&EE and Daiso 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 Daiso 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 Daiso sold Daiso Plate with Flower (19cm) A-13-P36, T270, No. 14 (hereinafter the “Products”), in the State of California causing users in California to be exposed to unsafe levels of Lead without providing “clear and reasonable warnings”, in violation of Proposition 65. Lead is listed by the State of California as known to cause cancer and birth defects or other reproductive harm.

1.2.2 On May 20, 2024, APS&EE provided a Sixty-Day Notice of Violation (the “Notice”), along with a Certificate of Merit, to Daiso and the various public enforcement agencies regarding the alleged violation of Proposition 65 with respect to the Products.

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1.3 No Admissions

Daiso denies all allegations in APS&EE's Notice and maintains that the Products have been, and are, in compliance with all laws, and that Daiso has not violated Proposition 65. This Agreement shall not be construed as an admission of liability by Daiso 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 AND REFORMULATION

2.1 Reformulation

As of the Effective Date, Daiso shall not distribute, sell or offer for sale Products in California unless (a) the Products produce a test result no higher than 1.0 microgram of Lead based on a wipe sample collected using NIOSH Method 9100 or equivalent from the part of the Product that constitutes the Exterior Decorations ("Reformulated Products"), or (b) the Products are distributed, sold, or offered for sale with a clear and reasonable warning as described below in Section 2.2. "Exterior Decorations" is defined as all colored artwork, designs and/or markings on the exterior surface of the Products.

2.2 Clear And Reasonable Warnings

2.2.1 For any Products that are not Reformulated Products, such Products shall be accompanied by a clear and reasonable warning. Daiso shall provide a warning substantially similar to the following warning statement:

“WARNING: This product can expose you to Lead, a chemical 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.”

The warning shall be accompanied by a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. Where the label for the product is not printed using the color yellow, the symbol may be printed in black and white. The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word “WARNING”. Alternatively, the warning may be an on-product warning that complies with Title 27, California Code of Regulations § 25603(b) and (c). To the extent the warning statement used is clear and reasonable in accordance with Title 27, California Code of Regulations § 25600 *et seq.* (and as those regulations may hereafter be amended), it will be deemed substantially similar to the warning statement provided above. Additionally, if the Product contains consumer information in a foreign language, the warning must be provided in the foreign language.

2.2.2 The Products shall carry said warning directly on each unit or its label or package, with such conspicuousness as compared with other words, statements or designs as to render it likely to be read and understood by an ordinary consumer prior to sale. A Product that is sold by Daiso on the internet to persons located in California shall also provide the warning message by a clearly marked hyperlink on the product display page, or otherwise prominently displayed to the purchaser before the purchaser completes his or her purchase of the Product. For Products that Daiso provides for a downstream entity to sell on the internet, Daiso shall comply with 27 CCR section 25600.2(b) and include an instruction that the entity comply with the warning requirements of this section.

3. PAYMENTS

3.1 Civil Penalty Pursuant To Proposition 65

In settlement of all claims referred to in this Agreement, Daiso shall pay a total civil penalty of one thousand five hundred dollars (\$1,500.00) to be apportioned in

accordance with *Health and Safety Code* section 25249.12(c)(1) and (d), with 75% (\$1,125.00) for State of California Office of Environmental Health Hazard Assessment (“OEHHA”), and the remaining 25% (\$375.00) for APS&EE.

Daiso shall issue these payments collectively as part of the total payment described below in Section 3.2 via wire transfer to Law Offices of Lucas T. Novak. After receipt of the wire transfer, 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

Daiso 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 seventeen thousand dollars (\$17,000.00). Accordingly, Daiso shall remit total payment via wire transfer to Law Offices of Lucas T. Novak in the amount of eighteen thousand five hundred dollars (\$18,500.00), which includes the civil penalty described in Section 3.1, within five (5) business days of the Effective Date. Wire instructions have been exchanged between the Parties.

4. RELEASES

4.1 APS&EE’s Release Of Daiso

APS&EE, acting in its individual capacity, in consideration of the promises and monetary payments contained herein, hereby releases Daiso, its parents, subsidiaries, affiliates under common ownership or control, shareholders, directors, members, officers, employees, attorneys, successors and assignees, as well as its downstream distributors, retailers, and franchisees (collectively “Released Parties”), from any alleged Proposition 65 violation claims asserted in APS&EE’s Notice (or any previous notices) regarding failure to warn about exposure to Lead from the Products sold by Daiso before and up to the Effective Date. APS&EE acknowledges that this release serves as a complete defense of Daiso in any lawsuit that has been filed by APS&EE against Daiso regarding the Products as of the Effective Date but does not serve as a defense to any future breach of this Agreement by Daiso.

4.2 Daiso's Release Of APS&EE

Daiso, 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 Daiso 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.

7. 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:

TO DAISO: Steven G. Teraoka, Esq. Teraoka & Partners LLP Four Embarcadero Center Suite 1400 San Francisco, CA 94111	TO APS&EE: Lucas T. Novak, Esq. Law Offices of Lucas T. Novak 8335 W Sunset Blvd., Suite 217 Los Angeles, CA 90069
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8. 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.

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9. **AUTHORIZATION**

The undersigned are authorized to execute this Agreement on behalf of their respective Parties. Each Party has read, understood, 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: 8.27.2024

By: *JD Buggan*
Authorized Representative of APS&EE, LLC

AGREED TO:

Date: 8/21/2024

By: DocuSigned by:
Mike Goodner
Authorized Representative of Daiso USA LLC