

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between EnviroProtect, LLC (“EP”) on the one hand and 25 Thrasio Twenty Five, Inc., a wholly-owned subsidiary of Thrasio, LLC (together hereinafter referred to as “THRASIO”) on the other hand, with THRASIO and EP each individually referred to as a “Party” and collectively as the “Parties.”

1.2 Introduction and General Allegations.

1.2.1 EP is a limited liability company duly organized and existing in the State of California, which seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products.

1.2.2 EP alleges that THRASIO and/or Ross Stores, Inc. (“Ross”) employs ten or more persons, and EP alleges that THRASIO 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 section 25249.6 *et seq.* (“Proposition 65”).

1.2.3 EP alleges that THRASIO imported, sold, and/or distributed for sale in California Covered Products, as defined below, that contain Di-(2-ethylhexyl) phthalate (“DEHP”), a chemical pursuant to Proposition 65 listed by the State of California to cause cancer and reproductive toxicity. EP further alleges that THRASIO failed to provide the health hazard warning required by Proposition 65 for exposures to DEHP from the Covered Products.

1.3 Product Description.

The products that are covered by this Settlement Agreement are defined as comforter sets with cases containing DEHP, that THRASIO has sold, offered for sale or distributed in California. All such items shall be referred to herein as the (“Covered Products”).

1.4 60 Day Notice of Violation and Exchange of Information.

On July 29, 2024, EP served THRASIO, Ross, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), related to the Covered Products, alleging that THRASIO and Ross violated Proposition 65. The Notice alleged that THRASIO and Ross had failed to warn their customers and consumers in California of the health hazards associated with exposures to DEHP from the import, sale and/or distribution of the Covered Products.

EP subsequently provided THRASIO with test results in EP’s possession concerning its allegations. THRASIO provided EP with sales data related to the Covered Products. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission.

The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65. Specifically, EP alleges that THRASIO imported, manufactured, sold or distributed for sale in the state of California, Covered Products which contained DEHP without first providing the clear and reasonable exposure warning required by Proposition 65. THRASIO denies that such a warning is required under Proposition 65 or any otherwise applicable law.

THRASIO further denies the material, factual, and legal allegations contained in the Notices and maintains that all of the products that it has imported, manufactured and/or sold and distributed in California, including the Covered Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by THRASIO 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 THRASIO of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by THRASIO. This Section shall not, however, diminish or otherwise affect THRASIO’ 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 the Agreement is fully executed by the Parties.

2. **INJUNCTIVE RELIEF: REFORMULATED PRODUCTS**

2.1 **Reformulation of Products.** After the Effective Date, Thrasio shall manufacture, import, or otherwise source for authorized sale in California only Reformulated Products, as defined pursuant to Section 2.2 below, unless such Products are labeled with a clear and reasonable Proposition 65 warning pursuant to Sections 2.3 and 2.4 below. Products that were supplied to third parties by Thrasio up to the Effective Date shall be deemed exempted from the requirements of this Section 2 and shall be permitted to be sold through as previously manufactured, packaged and labeled.

2.2 **Reformulation Standard.** "Reformulated Products" are defined as those Products containing DEHP in concentrations less than 0.1 percent (1,000 parts per million) when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C, CPSC-CH-C1001-09.3 or equivalent methodologies utilized by federal or state agencies for the purpose of determining DEHP content in a solid substance ("Reformulation Standard").

2.3 **Warning Option.** Covered Products that do not meet the Reformulation Standard set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 below. This warning shall only be required as to Covered Products that are sold or shipped to consumers in California after the Effective Date, or that are sold or shipped to retailers or distributors for sale to California consumers. No Proposition 65 warning for DEHP shall be required as to any Covered Products that are already in the stream of commerce as of the Effective Date.

2.4 **Warning Language.** Commencing on the Effective Date, THRASIO shall ensure that any unreformulated Covered Products that it ships to California retailers or for sale in California include a clear and reasonable warning. The warning shall include a triangle with a yellow body and black exclamation point and be affixed to the packaging or labeling using the language in the warnings below:

⚠ **WARNING:** This product can expose you to chemicals including Di-(2-ethylhexyl) phthalate (DEHP), 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.

OR

⚠ **WARNING:** Cancer and Reproductive Harm - www.P65Warnings.ca.gov.

The warning shall be prominently displayed 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 is reasonably likely to understand to which specific Product the warning applies, so as to minimize the risk of consumer confusion. If the product contains consumer information in a language other than English, the company must provide the warning in the other language(s). In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting warning text and/or methods of transmission different than those set forth above, THRASIO shall be entitled to use, at its discretion, such other warning text and/or methods of transmission without being deemed in breach of this Agreement

2.5 Internet Warnings. For any Covered Products sold by THRASIO through the internet, the relevant warnings shall comply with the requirements of 27 Cal. Code Regs. § 25602(b), effective August 30, 2018

2.6 Accessible Component. The term “Accessible Component” shall mean any component of the Covered Product that could be touched by a person during reasonably foreseeable use.

3. CIVIL PENALTY PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)

THRASIO shall pay a civil penalty of \$1000 to be apportioned in accordance with California Health & Safety Code §§25249.12(c) & (d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty remitted to EP. THRASIO or an affiliate thereof shall issue two separate checks for the penalty payment: (a) one check made payable to the AXS Law Group LA,

LLP in Trust for the State of California's Office of Environmental Health Hazard Assessment (“in Trust for OEHHA”) in the amount of \$750 representing 75% of the initial civil penalty and (b) one check to “AXS Law Group LA, LLP in Trust for EnviroProtect” in the amount of \$250, representing 25% of the initial civil penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486). The second 1099 shall be issued to AXS Law Group LA LLP, who shall furnish a W9 at least five calendar days before payment is due. The payment shall be delivered on or before October 20, 2024 to the following address:

James Kawahito, Esq.
AXS Law Group LA LLP
6080 Center Dr. Suite 210
Los Angeles, CA 90045

Payment may also be made by wire or ACH or wire transfer. Instructions will be provided separately upon request.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that EP and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving any fee reimbursement issue to be resolved by and between EP and its counsel after the material terms of the agreement had been settled, which agreement or lack thereof will not in any way affect this Settlement Agreement. The parties reached an accord on the compensation due to EP and its counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure (CCP) § 1021.5, for all work performed through the mutual execution of this agreement. More specifically, THRASIO shall pay the total amount of \$19,000 for fees and costs incurred by EP as a result of investigating, bringing this matter to the attention of THRASIO, and negotiating a settlement. Except as set forth herein, THRASIO shall not owe any amount to EP or its counsel. THRASIO, or an affiliate thereof, shall wire the funds (instructions will be provided upon request) or make payment by check payable to “AXS Law Group LA, LLP.” EP will provide a W9 at least five days prior to the payment date. The payment shall be delivered on or before October 20, 2024 to the following address:

James Kawahito, Esq.
AXS Law Group LA LLP

6080 Center Dr. Suite 210
Los Angeles, CA 90045

5. RELEASE OF ALL CLAIMS

5.1 Full, Final and Binding Resolution of Proposition 65 Allegations.

EP, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, releases THRASIO of any violation of Proposition 65 that was or could have been asserted by EP against THRASIO, Ross, and their owners, parents, subsidiaries, affiliated entities that are under common ownership, members, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, assignees, licensors, each manufacturer or other entity supplying THRASIO with the Covered Products, and each entity to which THRASIO directly or indirectly distributes, ships or sells the Covered Products, including, but not limited to Ross, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees and their owners, members, directors, officers, employees, agents, principals, insurers, accountants, representatives, attorneys, predecessors, successors, and assignees (collectively "Releasees") for any and all claims, whether known or unknown, based on their alleged or actual failure to comply with Proposition 65 or to otherwise warn about alleged exposures to DEHP contained in the Covered Products that were allegedly manufactured, imported, distributed, sold and/or offered for sale by THRASIO and Ross either directly or through the Releasees) in California before the Effective Date. The Release shall also cover any Covered Products that were in the stream of commerce prior to the Effective Date. However, the release shall not cover any Covered Products manufactured, imported, or otherwise sourced for authorized sale in California after the Effective Date, that are not Reformulated Products or contain the warnings set forth in Sections 2.3 and 2.4. This release is provided in EP's individual capacity and is not a release on behalf of the public.

In further consideration of the promises and agreements herein contained, EP on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, also hereby waives all of its rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims against THRASIO and Releasees including, but not limited to Ross, that it or they may have including, without limitation, all actions, and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, expenses, investigative

fees, expert fees, and attorneys' fees for any and all claims arising under Proposition 65, and regarding the alleged or actual failure to warn about exposures to DEHP in the Covered Products allegedly manufactured, sold, or distributed for sale before the Effective Date by THRASIO or Releasees.

5.2 THRASIO' Release of EP.

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

5.3 Public Benefit.

It is THRASIO' contention that the commitments it has agreed to herein, and actions to be taken by THRASIO under this Settlement Agreement, would 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 THRASIO that to the extent any other private party initiates any action alleging a violation of Proposition 65 with respect to THRASIO and/or the Releasees relating to the Covered Products they have manufactured, distributed, sold, or offered for sale in California and that are subject to this Settlement, such private party action would not confer a significant benefit on the general public provided that THRASIO is in material compliance with this Settlement Agreement.

5.4 Enforcement of Settlement Agreement.

Any party may file suit before the Superior Court of the County of Los Angeles to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

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

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

11. MODIFICATION

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

12. AUTHORIZATION

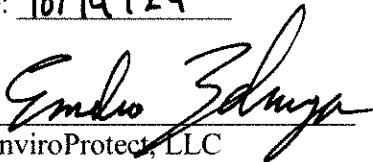
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agreed to all of the terms and conditions of this Settlement Agreement.



AGREED TO:

AGREED TO:

Date: 10/14/24

Date: 14-Oct-2024

By: 
EnviroProtect, LLC

Signed by:

By: 
25 Thrasio Twenty Five, Inc. & Thrasio, LLC