

SETTLEMENT AGREEMENT AND RELEASE

1. INTRODUCTION

1.1. Initiative for Safer Cosmetics, Cosmetic Lab, Inc. ~~Who What Wear, Inc. dba Versed~~, and Offspring Beauty Co. dba Versed. agree as follows:

This Settlement Agreement and Release is entered into by and among Initiative for Safer Cosmetics ("IFSC"), Cosmetic Lab, Inc. ("CL"), and Offspring Beauty Co. dba Versed ("Versed"), with all signatories, including IFSC, CL and Versed collectively referred to as the "Parties."

1.2. General Allegations

IFSC alleges that CL manufactured and Versed distributed and offered for sale in the State of California "Versed Weekend Glow Daily Brightening Solution" containing Diethanolamine (DEA), 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.* and its implementing regulations ("Proposition 65"). California has identified and listed Diethanolamine under Proposition 65 as a chemical known to the State of California to cause cancer.

1.3. Product Description

The product that is covered by this Settlement Agreement is defined as Versed Weekend Glow Daily Brightening Solution that CL has manufactured and Versed has imported, sold, offered for sale or distributed in California. All such items shall be referred to herein as the "Product."

1.4. Notice of Violation

On 08/02/2024 IFSC served Who What Wear, Inc. dba Versed; Offspring Beauty Co.; Ross Stores, Inc. and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with a document entitled "60-Day Notice of Violation" ("Notice") that provided Versed and such public enforcers with notice that Versed was allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Products exposed users in California to Diethanolamine. To the best of the Parties' knowledge, no public enforcer has commenced or is diligently prosecuting the allegations set forth in the Notice. Versed notified CL of the Notice.

1.5. No Admission

The Parties enter into this Settlement Agreement to settle disputed claims among them as set forth herein and in the Notice concerning CL's and Versed's compliance with Proposition 65. CL and Versed deny the material factual and legal allegations contained in IFSC's Notice and maintain that all products that CL has manufactured and Versed has offered for sale and distribution in California, including the Product, have been and are in compliance with Proposition 65 or any other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by CL or Versed of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by CL or Versed of any fact, binding, conclusion, issue of law, or violation of law, such being specifically denied by CL and Versed on their behalf. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of CL and Versed 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: REFORMULATION AND WARNINGS

As of the Effective Date, and continuing thereafter, except for Products that are subject to the "Sell Through" option stated in section 2.4 of this Agreement, CL and Versed shall not sell or offer for sale the Product within the State of California unless the Product is either: (a) free of detected levels of DEA; or (b) labeled with a clear and reasonable exposure warning pursuant to §§ 2.2 and 2.3, below. For purposes of this Settlement Agreement, a "DEA Free Product" is a Product that does not contain detected levels of DEA according to an independent testing laboratory report. The warning requirements set forth in §§ 2.2 and 2.3 shall not apply to any DEA Free Product or to any Product manufactured prior to the Effective Date.

2.1. DEA Free Standards

To qualify as a "DEA Free Product," the Product must meet the following standard: DEA content that is not detected when the Product is analyzed pursuant to liquid chromatography/tandem mass spectrometry (LC-MS/MS), inductively coupled mass spectroscopy (ICP-MS) or other method of analysis utilized by the International Organization of Standardization (ISO) for qualitative or quantitative screening of cosmetics and cosmetic raw materials.

2.2. Warning Option

Product that does not meet the standard set forth in Section 2.1 above shall be accompanied by a warning as described in Section 2.3 below. This warning requirement shall only be required as to Product that is manufactured, distributed, marketed, imported, sold, shipped for sale or offered for sale to consumers by CL or its distributors, including Versed, in the State of California. No Proposition 65 warning shall be required for any Product that is supplied or contracted to be

supplied to third parties by CL or its distributors, including Versed, prior to 6 months after the Effective Date, and all such Product is hereby deemed to be exempt from Proposition 65 enforcement.

2.3. Warning Language


(a) Where required to meet the criteria set forth in Section 2.2, CL shall display one of the following warning statements on the packaging label of the Product that does not meet the warning exemption standard set forth in Section 2.1 above. The Warning shall consist of either the Standard Warning (under 2.3. (i)) or the Short-Form Warning (under 2.3. (ii)).

i. Standard Warning. The Standard Warning shall consist of the statement:


- 1) **“WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:”**
This product can expose you to chemicals including Diethanolamine, which is [are] known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov

or

ii. Short-Form Warning. The Short-Form Warning shall consist of one of the following statements:


- 2)  **“WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:”**
Cancer risk from exposure to Diethanolamine (“DEA”). See www.P65Warnings.ca.gov.

or

- 3)  **“WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:”**
Can expose you to Diethanolamine (“DEA”), a carcinogen. See www.P65Warnings.ca.gov.

or

On a product manufactured/labeled prior to 1/1/2028, regardless of date of sale:

- 4)  **WARNING:** Cancer – www.P65Warnings.ca.gov

CL may use “cancer and” in the warning at its option. CL or its distributors, including Versed, may include the names of additional chemicals in the warning if they are present in the Products at a level that CL reasonably believes would require a Proposition 65 warning.

(b) The requirements for warnings, set forth in subsection (a) above, are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive

methods of providing a warning under Proposition 65 and its implementing regulations. CL and its distributors, including Versed, shall be deemed to be in compliance with the warning requirements of this Settlement Agreement by either adhering to this Section 2.3 or by complying with the Proposition 65 warning requirements adopted by the State of California Office of Environmental Health Hazard Assessment (“OEHHA”) as of or after the Effective Date.

(c) If Proposition 65 warnings for Diethanolamine should no longer be required, CL and its distributors, including Versed, shall have no further obligations pursuant to this Settlement Agreement.

(d) INTERNET - As set forth in Cal. Code Regs. Tit. 27, § 25602(b), to the extent Covered Product is sold online, a warning that complies with the content requirements of Cal. Code Regs. Tit. 27, § 25603 must be provided via one of the following methods: (1) A warning on the product display page; (2) A clearly marked hyperlink using the word “WARNING” or the words “CA WARNING” or “CALIFORNIA WARNING” on the product display page that links to the warning; or (3) An otherwise prominently displayed warning provided to the purchaser prior to completing the purchase. If a warning is provided using the short-form label content pursuant to Section 25602(a)(4), the warning provided on the website may use the same content. 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. For internet purchases made prior to 1/1/28, a retail seller is not responsible under Section 25600.2(e)(4) for conspicuously posting or displaying the new warning online until 60 calendar days after the retailer receives a warning or a written notice under Section 25600.2(b) and (c) which updates a short-form warning compliant with Section 25603(c) with content compliant with Section 25603(b). These requirements extend to any short form warning on Product manufactured/ labeled prior to 1/1/28, regardless of date of sale, on websites under the exclusive control of CL or its distributors, including Versed where Covered Product is sold into California. In addition, CL shall instruct any third-party website to which it directly sells its Covered Product to include the same online warning, as set forth above, as a condition of selling the Covered Product in California.

(e) FOREIGN LANGUAGE - If the Product has consumer information in a foreign language, then the package must also contain the WARNING in the foreign language.

2.4 Sell Through Option

Any Product already manufactured and packaged as of the Effective Date of this Agreement shall not be subject to the Injunctive Relief, reformulation or warning requirements, and may be sold through until the inventory of such Product is exhausted.

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

In full satisfaction of all potential civil penalties and attorney’s fees, costs and any other expenses incurred by IFSC or its counsel. CL shall pay the total Settlement amount of Seventeen Thousand Dollars (\$17,000) (The “Settlement Amount”) as set forth below.

3.1 Civil Penalties to Health & Safety Code 25249.7 (B):

One Thousand (\$1000) of the Settlement Amount shall be considered a “civil penalty” pursuant to California Health and Safety Code. CL shall issue two separate checks within ten (10) days of the Effective Date for a total amount of One Thousand Dollars (\$1,000) as follows, and all payments shall be delivered to the addresses listed below.

3.1 (a) One Check made payable to the State of California’s Office of Environmental Health Hazard Assessment (“OEHHA”) in the amount of Seven Hundred and Fifty Dollars (\$750), representing 75% of the total civil penalty; and

3.1 (b) One check payable to “Initiative for Safer Cosmetics” in the amount of Two Hundred and Fifty Dollars (\$250), representing 25% of the total civil penalty.

3.2 Attorney’s Fees and Costs:

Sixteen Thousand Dollars (\$16,000) of the total Settlement Amount shall be paid to Cliffwood Law Firm, PC within ten (10) days of the Effective Date, as IFSC’s attorneys, for reasonable investigation fees, and costs, attorney’s fees, and any other cost incurred as a result of investigating and bringing this matter to CL’s and Versed’s attention.

4. PAYMENT PROCEDURES

4.1 All Payments owed to OEHHA, pursuant to section 3.1(a) shall be delivered directly to OEHHA (Memo line “Prop 65 Penalties NOV #2024-03267”) at the following address:

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

4.2 All Payments owed to IFSC, pursuant to Section 3.1(b) shall be delivered to:

IFSC
% Cliffwood Law Firm, PC
Attn: Elham Shabatian
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

4.3 All Payments owed to Cliffwood Law Firm, PC pursuant to Section 4.3, shall be delivered to:

Cliffwood Law firm, PC
Attn: Elham Shabatian

12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

4.4 PROOF OF PAYMENT

A copy of each check payable to OEHHHA, shall be mailed to Cliffwood Law firm, PC, simultaneous with payment to Cliffwood Law Firm, PC at the address set forth above, as proof of payment to OEHHHA.

5. RELEASE OF ALL CLAIMS

5.1. Release of CL, Versed, 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 and 4 above, IFSC, on behalf of itself and its respective owners, principals, shareholders, officers, directors, employees, parents, subsidiaries its past and current agents, representatives, attorneys, successors and/or assignees (collectively, "Releasors"), hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and fully releases all claims relating to the Products, 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) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "Claims"), against (a) CL and Versed (b) each of CL's and Versed's downstream distributors in the stream of commerce (including but not limited to Offspring Beauty Co., Ross Stores, Inc. and any other upstream or downstream entities in the distribution chain for the Product, including, but not limited to, manufacturers, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, third-party re-sellers, and users, (c) CL's and Versed's parent companies, corporate affiliates, subsidiaries, affiliates, doing business as entities ("DBAs"), successor companies, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities, and (d) the employees, shareholders, officers, directors, members, managers, equity owners, insurers, attorneys, predecessors, successors and assigns of any of the entities identified in subsection (a) and (c), above (collectively "Releasees"). IFSC also, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and *not* in its representative capacity, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against CL, Versed and the Releasees.

5.2 CL's and Versed's Release of IFSC

CL and Versed, on behalf of themselves, their past and current agents, representatives, attorneys, successors and/or assignees, hereby release and waive any and all claims against IFSC, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by CL, Versed, IFSC and/or their attorneys and other

representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against any of them in this matter or with respect to the Product.

5.3 California Civil Code § 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 Products will develop or be discovered. IFSC, CL and Versed acknowledge that this Agreement is expressly intended to cover and include all such claims up through the Effective Date, including all rights of action thereof. The Parties acknowledge that the claims released in §§ 5.1 and 5.2, above, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims. California Civil Code § 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.

IFSC, CL and Versed each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

6. 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. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then CL and Versed shall have no further obligations pursuant to this Settlement Agreement.

7. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by:

(i) electronic mail; or (ii) overnight courier on any party by the other party at the following addresses:

For Cosmetic Lab, Inc.:

Chan Jeon, Esq.

Phillip F. Shinn, Esq.

LimNexus LLP

707 Wilshire Blvd., 46th Floor

Los Angeles, CA 90017, USA

For Offspring Beauty Co. dba Versed :

Sean Sherlock Esq.

Snell & Wilmer

Plaza Tower
600 Anton Boulevard, Suite 1400
Costa Mesa, CA 92626-7689

For Initiative for Safer Cosmetics:

Elham Shabatian Esq.
Cliffwood Law Firm, PC
12100 Wilshire Blvd, Suite 800
Los Angeles, CA 90025

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

8. COUNTERPARTS; FACSIMILE/E-SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or e- signatures, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

9. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions

10. MODIFICATION

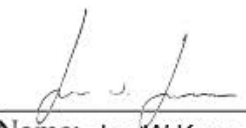
This Settlement Agreement may be modified only by a written agreement signed by the Parties.

11. 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:

Date: August 31 , 2025



Name: Jae W Kwon
Title: coo
Cosmetic Lab, Inc.

Date: August 1, 2025

Andy Chiu
Name: Andy Chiu
Title: CFO / COO
Offspring Beauty Co. dba Versed

Date: August , 2025
8/1/2025

Deki Yangzom
Name:
Title: DEKI YANGZOM, DIRECTOR
Initiative for Safer Cosmetics