

PROPOSITION 65 SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Settlement Agreement (“Agreement”) is entered into by and between Keep America Safe and Beautiful (“KASB”) and Bassett Furniture Industries, Inc. (“Bassett”), with KASB and Bassett each individually referred to as a “Party” and, collectively, the “Parties.” KASB is a California-based non-profit organization proceeding in the public interest pursuant to California Health & Safety Code § 25249.7(d) to ensure that chemicals known to the State of California to cause cancer, birth defects or other reproductive harm are disclosed in or eliminated from consumer products sold in California. Bassett is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b).

1.2 Consumer Product Description

KASB alleges that Bassett manufactures, imports, sells, and distributes for sale, in or into California, brass knobs & pulls containing Lead (Pb) including, but not limited to, the *Cast & Forge #23 Leather Wrapped T Knob SKU: HDW23-LLTPL03*, without providing the warning statement KASB alleges is required by California Health & Safety Code § 25249.5 *et seq.* (“Proposition 65”). Brass knobs & pulls are referred to hereinafter as the “Products.” Lead is listed pursuant to Proposition 65 as a chemical known to the State of California to cause developmental toxicity, male reproductive toxicity, female reproductive toxicity, and cancer.

1.3 Notice of Violation

On August 23, 2024, KASB served Bassett, the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), alleging Bassett violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to Lead. No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notice.

1.4 No Admission

Bassett denies the factual and legal allegations contained in the Notice and maintains all products it sold or distributed for sale in California, including the Products, have been, and are, in compliance with all laws. Nothing in this Agreement shall constitute or be construed as, nor shall compliance with this Agreement constitute or be construed as an admission by Bassett of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect Bassett's obligations, responsibilities, and duties under this Agreement.

1.5 Effective Date

For purposes of this Agreement, "Effective Date" shall mean the date this Agreement is fully executed by all Parties.

2. INJUNCTIVE RELIEF: REFORMULATION OR WARNINGS

2.1 Commitment to Reformulate or Warn

Commencing on the Effective Date and continuing thereafter, all Products Bassett manufactures, imports, sells, ships, or distributes for sale, in or into California, directly or through one or more third party retailers or e-commerce marketplaces, shall either meet the Reformulation Standard for Reformulated Products, as defined by Section 2.2, or be accompanied by a clear and reasonable warning pursuant to Sections 2.3.

2.2 Reformulation Standard & Reformulated Products Defined

For purposes of this Agreement, "Reformulated Products" are defined as those Products:

(a) containing no more than 0.009% or 90 parts per million ("ppm") Lead in any decoration, description, artwork and/or design on the exterior surface when analyzed pursuant to U.S. Environmental Protection Agency ("EPA") testing methodologies 3050B and 6020A or equivalent methodologies utilized by federal or state agencies for the purpose of determining Lead content in a solid substance; and

(b) yielding a test result of no more than 1.0 microgram of Lead on any exterior surface when sampled pursuant to the NIOSH 9100 testing protocol and analyzed pursuant to EPA 3050B and 6020A. ("Reformulation Standard".)

2.3 Clear and Reasonable Warnings

Commencing on the Effective Date and continuing thereafter, for all Products that do not meet the Reformulation Standard, as set forth *supra* at Section 2.2, and are manufactured, imported, packaged, distributed, sold or otherwise offered for sale, in or into California, by Bassett shall be accompanied by a “clear and reasonable warning” in accordance with this Section and pursuant to California Health & Safety Code § 25249.5 *et seq.* and title 27 California Code of Regulations (“Cal. Code Regs.”) § 25600 *et seq.*, as may be amended from time to time. For purposes of this Agreement, “clear and reasonable warnings” are warnings, as set forth below, that are prominently placed with such conspicuousness, when 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 prior to purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which *specific* Product the warning applies, to minimize the risk of consumer confusion.

For purposes of this Agreement, the following warnings shall be deemed clear and reasonable:

(a) Warning Content:

Option 1:

⚠WARNING [or] CA WARNING [or] CALIFORNIA WARNING: This product can expose you to Lead, 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

Option 2:

⚠WARNING [or] CA WARNING [or] CALIFORNIA WARNING: This product can expose you to chemicals including Lead, 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, for Products manufactured and labeled prior to January 1, 2028:

⚠ WARNING: This product can expose you to Lead 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.

(b) Short-Form Warning Content: As an alternative to the warning set forth in the preceding subsection (a), Bassett may, but is not required to, use one of the following short-form warnings (“Short-Form”), subject to the additional requirements set forth in the following Sections (c) through (e):

Option 1:

⚠ WARNING [or] CA WARNING [or] CALIFORNIA WARNING: Can expose you to Lead, a carcinogen and reproductive toxicant. See

Or

Option 2:

⚠ WARNING [or] CA WARNING [or] CALIFORNIA WARNING: Risk of cancer or reproductive harm from exposure to Lead. See www.P65Warnings.ca.gov.

Or, for Products manufactured and labeled prior to January 1, 2028,

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

The warning requirements set forth herein are recognized by the Parties as not being the exclusive manner of providing a warning for the Products. Warnings may be provided as specified in the Prop. 65 regulations, in effect as of the Effective Date and/or as amended in the future. Each warning shall be prominently placed 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 under customary conditions before purchase or use and shall be provided in a manner such that it is clearly associated with the specific Product to which the warning applies.

(c) Foreign Language Requirement.

Where a consumer product sign, label or shelf tag used to provide a warning includes consumer information in language(s) other than English, the warning must also be provided in the other language(s) in addition to English.

(d) On-Product Warnings.

Bassett shall affix a warning to the Product label or otherwise directly on Products intended or provided for sale to consumers located in California and to customers with retail outlets in California, nationwide distribution, or e-commerce platforms. For the purposes of this Agreement, “Product label” means a display of written, printed, or graphic material printed on or affixed to each of the Products or its immediate container or wrapper. A warning provided pursuant to section 2.3(a) must print the words “WARNING:” in all capital letters and in bold font. The warning symbol to the left of the word “WARNING:” must be a black exclamation point in a yellow equilateral triangle with a black outline, except if the labeling does not use the color yellow, the symbol may be in black and white. The entire warning shall be set off from other surrounding information, enclosed in a box and appear in at least 6-point type but no smaller than the largest type size used for other consumer information on the Products.

Warnings provided pursuant to Section 2.3 by Bassett must print the words “WARNING:”, “CA WARNING:”, or “CALIFORNIA WARNING:” in all capital letters and in bold font, followed by a colon. The warning symbol to the left of the warning must be a black exclamation point in a yellow equilateral triangle with a black outline, except, if the sign or label for the Products does not use the color yellow, then the symbol may be in black and white. The symbol must be in a size no smaller than the height of the words “WARNING:”, “CA WARNING:”, or “CALIFORNIA WARNING:” The warning may be contained in the same section of the packaging, labeling, or instruction booklet that states other safety warnings, if any, concerning the use of the Products and shall be at least the same size as those other safety warnings.

(e) Internet Warnings.

For all Products manufactured, imported, distributed, sold or offered for sale via the internet to customers located in California, or sold in or into California by Bassett or its customers, directly or through third-party websites over which Bassett has the ability to control the application of warnings, Bassett shall provide warnings for each Product, both on the Product

label, in accordance with Section 2.4, and: (a) a warning on the Product display page; (b) a clearly marked hyperlink using the word “WARNING” or words “CA WARNING” or “CALIFORNIA WARNING” on the product display page that links to the Product warning; or (c) by an otherwise prominently displayed warning provided to the purchaser prior to completing the purchase, such that the consumer does not have to seek out the information being provided. If the warning is provided using the Short-Form content, pursuant to Section 2.3(b), then the warning provided on the website may use the same content. “Prominently displayed” is defined to mean the consumer does not have to search for it in the general content of the website. Where Bassett sells, ships, or distributes Products to third-party retailers, websites, or e-commerce marketplaces, Bassett will advise them of the internet warning requirements under this Agreement as a condition of sale of the Products.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty

Pursuant to Health and Safety Code § 25249.7(b), Bassett agrees to pay a civil penalty of \$2,500.00 within twenty (20) business days of the Effective Date. Bassett’s civil penalty payment will be allocated according to Health and Safety Code §§ 25249.12(c)(1) and (d), with seventy-five percent (75%) of the penalty paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”), and the remaining twenty-five percent (25%) retained by KASB. Bassett shall issue its payment in two checks made payable to: (a) “OEHHA” in the amount of \$1,875.00; and (b) “Seven Hills in Trust for Keep America Safe and Beautiful” in the amount of \$625.00. KASB’s counsel shall deliver to OEHHA and KASB their respective portion of the penalty payment.

3.2 Reimbursement of Attorneys’ Fees and Costs

KASB and its counsel offered to resolve the allegations in the Notice without reaching terms on the amount of reimbursement of attorneys’ fees and costs. Shortly after the Parties finalized the other material settlement terms, they negotiated and reached an accord on the

amount of reimbursement to be paid to KASB's counsel, under general contract principles and the private attorney general doctrine, codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution and reporting of this Agreement to the Office of the California Attorney General. Within twenty (20) business days of the Effective Date, Bassett agrees to issue a check in the amount of \$18,500.00 payable to "Seven Hills LLP" for all fees and costs incurred investigating, bringing this matter to Bassett's attention, negotiating a settlement in the public interest, and reporting its terms to Office of the California Attorney General pursuant to Section 9.

3.3 Payments

All payments payable and due under this Agreement shall be delivered to KASB's counsel at following address:

Seven Hills LLP
Attn: Kimberly Gates Johnson
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

4. CLAIMS COVERED AND RELEASED

4.1 KASB's Release of Bassett

This Agreement is a full, final and binding resolution between KASB, as an individual and *not* on behalf of the public, and Bassett, of any violation of Proposition 65 that was or could have been asserted by KASB on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, against Bassett, its parents, subsidiaries, affiliated entities under common ownership including: directors, officers, members, employees, agents, representatives, attorneys, insurers, successors and assigns, and each entity to whom Bassett directly or indirectly distributes or sells Products, including, but not limited to, downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, "**Releasees**"), based on their failure to warn, arising under Proposition 65, about alleged exposures to Lead contained in the Products that were manufactured, distributed, sold

and/or offered for sale by Bassett in California before the Effective Date, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, KASB as an individual and *not* on behalf of the public, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all of KASB's rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that KASB may have, 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 exclusively, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to Lead in the Products manufactured, distributed, sold and/or offered for sale by Bassett, before the Effective Date (collectively, "Claims"), against Bassett and Releasees.

The Parties further understand and agree that this Section 4.1 release shall neither extend: (a) upstream to any entities who manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Bassett; nor (b) to Releasees who have been instructed by Bassett pursuant to Section 2.3(e) to provide a warning on Products that are not Reformulated Products and failed to do so. Nothing in this Section affects KASB's right to commence or prosecute an action under Proposition 65 against a Releasee not involving Bassett's Products, as defined in Section 1.2.

4.2 Bassett's Release of KASB

Bassett, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against KASB and its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by KASB 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 Products.

5. SEVERABILITY

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

6. GOVERNING LAW

The terms of this Agreement shall be governed by the laws of the State of California and apply within California. In the event that Proposition 65 is repealed, preempted, or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Bassett may provide KASB with written notice of any asserted change in the law, and shall have no further injunctive obligations pursuant to this Agreement, with respect to, and to the extent that, the Products are so affected. Nothing in this Agreement shall be interpreted to relieve Bassett from its obligation to comply with any pertinent state or federal law or regulation.

7. NOTICE

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

For Bassett:

Khaled Taqi-Eddin
Womble Bond Dickinson (US) LLP
50 California Street, Suite 2750
San Francisco, CA 94111

For KASB:

Kimberly Gates Johnson, Partner
Seven Hills LLP
4 Embarcadero Center, Suite 1400
San Francisco, CA 94111

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

8. COUNTERPARTS, FACSIMILE AND PDF SIGNATURES

This Agreement may be executed in counterparts and by 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.

9. COMPLIANCE WITH REPORTING REQUIREMENTS

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

10. ENTIRE AGREEMENT

This Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, commitments, or understandings related thereto, if any, are hereby merged herein and therein. There are no warranties, representations, or other agreements between the Parties except as expressly set forth herein. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Agreement have been made by any Party hereto. No other agreements not specifically contained or referenced herein, oral or otherwise, shall be deemed to exist or to bind any of the Parties hereto.

11. MODIFICATION


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

12. AUTHORIZATION

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

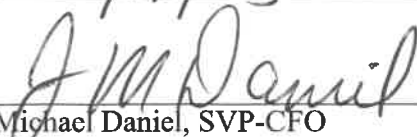
AGREED TO:

Date: 3/24/2025

By: 
Lance Nguyen, CEO
Keep America Safe and Beautiful

AGREED TO:

Date: 3/17/25

By: 
J. Michael Daniel, SVP-CFO
Bassett Furniture Industries, Inc.