

SETTLEMENT AND RELEASE AGREEMENT

1. **INTRODUCTION**

1.1. **Consumer Rights Advocates, LLC and Binggrae Co., Ltd.**

This Settlement Agreement is entered into by and between Consumer Rights Advocates, LLC ("CRA"), on the one hand, and Binggrae Co., Ltd. ("Binggrae"), on the other hand, with CRA and Binggrae collectively referred to as the "Parties."

1.2. **General Allegations**

CRA alleges that Binggrae manufactured and/or distributed and/or offered for sale in the State of California Binggrae Banana Flavored Milk Drinks that allegedly contain Perfluorooctanoic Acid (PFOA) and Perfluorononanoic Acid (PFNA) 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.* ("Proposition 65"). California has identified and listed PFOA and PFNA under Proposition 65 as a chemical known to the State of California to cause cancer, birth defects or other reproductive harm.

1.3. **Product Description**

The products that are covered by this Settlement Agreement ("Products") are defined as Binggrae Flavored Milk Drinks consisting of variety of flavors that allegedly contain PFOA and PFNA that Binggrae, its subsidiaries, affiliates, related companies, distributors, sales representatives and other resellers have sold, offered for sale, or distributed in California.

1.4. **Notice of Violation**

On December 5, 2024, CRA served Binggrae, USTOV Inc., U.S. Trading Company, H Mart, Inc., Hanahreum Group, and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California with documents entitled "60-Day Notice of Violation" ("Notice") that provided Binggrae and such public enforcers with notice that Binggrae was allegedly in violation of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Product exposed users in California to PFOA and PFAS. To the best of the Parties' knowledge, no public enforcer has commenced or 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 them as set forth herein and in the Notice concerning Binggrae's compliance with Proposition 65. Specifically, Binggrae denies the material factual and legal allegations contained in CRA's Notice and maintains that all Products that it has manufactured for sale and distribution in California, including the Products, have been and are in compliance with Proposition 65 and every applicable other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by Binggrae 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 Binggrae of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Binggrae. Binggrae enters into this Agreement merely to avoid the expense litigation. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Binggrae 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: WARNING AND REFORMULATION

2.1. Warning

Binggrae shall not sell into, nor manufacture, distribute, or offer for sale in, California any Products that knowingly contain any intentionally added PFOA or PFNA, unless Binggrae complies with Section 2.2 below. Notwithstanding the foregoing, Products manufactured on or after 120 days from the Effective Date shall be Reformulated Products unless labeled with a clear and reasonable Proposition 65 warning. "Reformulated Products" means any of the following: (a) Products that satisfy the applicable safe harbor levels for PFOA and PFNA under Proposition 65, (b) Products for which PFOA and PFNA levels do not exceed applicable method detection limit or MDL, (c) Products for which PFOA and PFNA levels do not exceed applicable permitted levels for drinking water or beverage

pursuant to a non-appealable court judgment including consent judgment approved by the court, based on any testing or calculation method permitted by such court judgment or applicable law to determine such levels of PFOA and PFNA, and (d) Products which are exempt from the Proposition 65 warning requirement pursuant to California Health and Safety Code Section 25149.10 or such other code or applicable law now or hereafter existing.

2.2. Warning Language

Where required, Binggrae shall provide Proposition 65 warnings as follows on the Products:

- (a) Binggrae shall use the following warning statements in full compliance with this Section:

WARNING: Consuming this product can expose you to chemicals, including Perfluorooctanoic Acid and Perfluorononanoic Acid , which are known to the State of California to cause cancer and birth defects or other reproductive harm. For more info, go to www.P65Warnings.ca.gov/food.

or

WARNING: Consuming this product can expose you to chemicals including Perfluorooctanoic Acid, which is known to the State of California to cause cancer, and Perfluorooctanoic Acid and Perfluorononanoic Acid, which are known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food.

or

WARNING: Can expose you to Perfluorooctanoic Acid, a carcinogen, and Perfluorononanoic Acid and Perfluorooctanoic Acid, reproductive toxicants. See www.P65Warnings.ca.gov/food.

Binggrae may also use such other warning statements, texts and methods of affixing or transmitting the warning that comply with Proposition 65 warning requirements applicable to the Products, as such requirements may exist now or hereafter.

- (b) Binggrae represents that it sells the Products in packaged multipacks only and not as single-unit items. So long as Binggrae sells the Products in such multipacks only, Binggrae may affix the Proposition 65 warning only on the packaging for each

multipack rather than on the single-unit items provided that such packaging also indicates thereon the following: "Not for individual sale or resale in California." If the California Attorney General's Office objects to the placement of the Proposition 65 warning only on the packaging for each multipack rather than on the single-unit item, the Parties agree to amend this Agreement to confirm to the requirement(s) of the California Attorney General's Office regarding the placement of the Proposition 65 warning on the Products. Binggrae shall have a period of 120 days from the date of the Parties' mutual execution of the amendment to this Agreement to comply with such requirement(s) of the California Attorney General's Office, subject to the other provisions of this Agreement permitting Binggrae not to provide any Proposition 65 warning regarding the Products, or permitting Binggrae to provide other warning statements, texts or methods as set forth in Section 2.3(a).

(c) The requirement for warning, set forth in subsection (a) above, is imposed pursuant to the terms of this Settlement Agreement. Binggrae may include the names of additional chemicals in the warning if they are present in the Product at levels that Binggrae reasonably believes would require a Proposition 65 warning.

(d) Foreign Languages. If a Product's labeling is provided in a language other than English, the warning will be provided in that language in addition to English, but only if and to the extent required by 27 C.C.R. § 25602(d).

(e) Online Sales. If Binggrae sells Products via an internet website it controls to customers located in California, the warning requirements of this section shall be satisfied if the foregoing warning appears either: (i) on the product display page; or (ii) by way of 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 foregoing warning; or (iii) by an otherwise prominently displayed warning provided to the purchaser prior to completing the purchase. If the warning is provided using the

short-form warning label content pursuant to 27 C.C.R. § 25602(a)(4), or 27 C.C.R. § 25607.2(b), the warning provided on the website may use the same content.

Notwithstanding the foregoing, a warning that materially complies with the provisions of 27 C.C.R. §§ 25602(b), as amended from time to time hereinafter, shall also be deemed to satisfy the warning requirements of this Section.

(f) If Proposition 65 warnings for PFOA and PFNA should no longer be required, Binggrae shall have no further obligations pursuant to this Settlement Agreement, as it may be amended by the Parties.

3. **CONSIDERATION**

In full satisfaction of all potential civil penalties, attorneys' fees, costs, and other expenses incurred by CRA and its counsel in connection with the Notice, and in exchange for CRA's release of all liability in connection with the Covered Product, Binggrae shall pay a total of \$25,000 (Total Settlement Amount) as set forth below. No other payment is required by Binggrae under this Settlement Agreement.

3.1 PENALTIES PURSUANT TO HEALTH AND SAFETY COD 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, Binggrae shall pay, either directly or through its U.S. subsidiary named BC F&B USA Corp, a total of \$6,500 in civil penalties in accordance with this Section. The penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to CRA. Binggrae shall be responsible for delivering OEHHA's portion of the penalty payment made under this Settlement Agreement and Binggrae's counsel shall provide CRA's counsel with confirmation of such delivery. Binggrae shall have two separate checks issued within ten (10) days of the Effective Date, and all payments shall be made as follows:

(a) One check made payable to California's Office of Environmental Health Hazard Assessment ("OEHHA") in the amount of four thousand eight hundred seventy-five dollars (\$4,875), which represents seventy-five percent (75%) of the civil penalties; and

(b) One check made payable to Consumer Rights Advocates, LLC in the amount of one thousand six hundred twenty-five dollars (\$1,625), which represents the remaining twenty-five percent (25%) of the civil penalties.

(c) All civil penalty payments to OEHHHA (EIN: 68-0284486) pursuant to this Section shall be delivered to OEHHHA (memo line to read: "Proposition 65 Penalties") at the following address(es):

For the United States Postal Delivery Service:

Attn: Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010, MS 19B
Sacramento, CA 95812-4010

For Non-United States Postal Delivery Service:

Attn: Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street MS #19B
Sacramento, CA 95814

All payments to Consumer Rights Advocates, LLC shall be sent to:

Cornerstone Law Firm, PC
357 S. Robertson Blvd, Second Floor
Beverly Hills, CA 90211

3.2 REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to CRA and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Binggrae shall reimburse CRA's counsel for fees and costs incurred because of investigating and bringing this matter to Binggrae's attention. Binggrae shall make a total payment of eighteen thousand five hundred Dollars (\$18,500) for the civil penalties and attorney's fees and costs by wire transfer within ten (10) days from the date this Settlement Agreement is fully executed, to Plaintiff's counsel Cornerstone Law Firm, PC as follows:

Bank: Wells Fargo
Routing No.: 121042882
Account No.: 7617535864

Swift: WFBIUS65
Beneficiary: DAVAR DANIALPOUR

Other than this payment, each side is to bear its own attorneys' fees and costs.

4. RELEASE OF ALL CLAIMS

4.1. Release of Binggrae. Downstream Customers and Upstream Vendors

In further consideration of the promises and agreements herein contained, including but not limited to the payments to be made pursuant to Sections 3 above, CRA, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and 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 Binggrae and each entity to whom Binggrae directly or indirectly distributes or sells the Products, including distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, sales representatives, shareholders, cooperative members, customers, owners, purchasers, users, including but not limited to US TOVE Inc., U.S Trading Company, H Mart, Inc., Hanahreum Group, as well as each of the foregoing released parties' respective sister and parent entities, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, insurers, heirs, successors, and assignees (Binggrae and all of the foregoing released parties collectively referred to as the "Releasees").

4.2 CRA's California Civil Code Section 1542 Waiver

CRA in its capacity, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, 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, attorney's fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected, against the Releasees. CRA acknowledges that it is familiar with

California Civil Code section 1542, 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.

CRA, in its capacity only, and on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of California Civil Code section 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

4.3 Binggrae's Release of CRA

Binggrae waives any and all claims against CRA, its attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by CRA and its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Products.

5. Public Benefit

It is the Parties' belief that the terms of this Settlement Agreement confer a significant benefit to the general public as set forth in California Code of Civil Procedure section 1021.5 and California Administrative Code title 11, section 3201. As such, it is the intent of the Parties that to the extent any other private party initiates an action alleging that any of the Products is somehow in violation of Proposition 65, such private party action would not confer a significant benefit on the general public, so long as Binggrae is in material compliance with the terms of this Settlement Agreement.

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. If Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Binggrae 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: (a) first- class, (registered or certified mail) return receipt requested; (ii.) email that is confirmed as received by the intended recipient; or (iii) overnight courier on any party by the other party at the following addresses:

For Binggrae:

Binggrae Co. Ltd.
45, Dasansunhwan-ro, Namyangju-si
Gyeonggi-do
Republic of Korea
Attention: Dong Woo Lee, Compliance Head
Tel: +82 2 2022 6231

With copy to:

Richard M. Ruger
Lee Anav Chung White Kim Ruger & Richter LLP
The Biltmore Court Building
520 South Grand Avenue, Suite 1070
Los Angeles, California 90071
Tel: (213) 321-0802
richardruger@lacwkrr.com

For CRA:

Davar (David) Danialpour, Esq.
Cornerstone Law Firm, PC
357 S. Robertson Blvd. 2nd Floor
Beverly Hills, CA 90211
Tel: (310) 444-0055
david@davarlaw.com

Any party, from time to time, may specify in writing to the other party a change of address 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. **COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)**

CRA shall report this Settlement Agreement to the Attorney General's Office within five (5) days of

the Parties' execution of this Settlement Agreement.

10. 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, negotiations, commitments and understandings. No other agreements, oral or otherwise, exist to bind either of the Parties.

11. MODIFICATION

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

12. 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.

[signatures on the next page]

AGREED TO:

CONSUMER RIGHTS ADVOCATES, LLC

Date: 04/11/2025

By: Faraz Adjnasian

Title: CEO

Signature:



Consumer Rights Advocates, LLC

AGREED TO:

BINGGRAE CO., LTD.

Date: _____

By: _____

Title: _____

Signature:

Binggrae Co., Ltd.

AGREED TO:

CONSUMER RIGHTS ADVOCATES, LLC

Date: _____

By: _____

Title: _____

Signature:

Consumer Rights Advocates, LLC

AGREED TO:

BINGGRAE CO., LTD.

Date: 04/14/2025

By: Boo Sun Kim

Title: Global Business Division Managing Director

Signature:



Binggrae Co., Ltd.