

SETTLEMENT AND RELEASE AGREEMENT

1. **INTRODUCTION**

1.1. **Berj Parseghian and KeHE Distributors, LLC:**

This Settlement Agreement is entered into by and between Berj Parseghian ("Parseghian"), represented by his attorneys KJT Law Group, LLP on the one hand, and KeHE Distributors, LLC ("KeHE"), on the other hand, with Parseghian and KeHE collectively referred to as the "Parties."

1.2. **General Allegations**

Parseghian alleges that KeHE distributed and offered for sale in the State of California products that may contain lead without first providing 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 lead 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 covered by this Settlement Agreement are Root Foods – Six Mix Chips that KeHE has sold, offered for sale, manufactured, or distributed only in California. All such items shall be referred to herein as the "Covered Products."

1.4. **Notice of Violation**

On December 16, 2024, Parseghian issued to KeHE and the requisite public enforcement agencies eligible to initiate Proposition 65 actions on behalf of the People of the State of California documents entitled "60-Day Notice of Violation" ("Notice") that provided KeHE and such public enforcers with notice that KeHE was allegedly in violation of Proposition 65 for

failing to warn consumers that the Covered Products exposed users in California to lead. 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 KeHE's compliance with Proposition 65. Specifically, KeHE denies the material factual and legal allegations contained in Parseghian's Notice and maintains that all products that it has placed for sale and distribution in California, including the Covered Products, have been and are in compliance with Proposition 65 and all other statutory, regulatory, common law or equitable doctrine. Moreover, KeHE denies that it is liable under Proposition 65 as a distributor of goods and not a manufacturer. Nothing in this Settlement Agreement shall be construed as an admission by KeHE 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 KeHE of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by KeHE. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of KeHE under this Settlement Agreement.

1.6. **Effective Date**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date on which a complete and fully executed copy of this Settlement Agreement is exchanged by the Parties' counsel.

2. INJUNCTIVE RELIEF:

Beginning on the Effective Date, KeHE agrees to discontinue distributing or purchasing the Covered Products without a compliant Proposition 65 warning in California. Any claim as to Covered Products that are no longer under the control or possession of KeHE prior to the Effective Date is released in this Settlement Agreement. Covered Products that KeHE places into the stream of commerce within 120 days of the Effective Date shall be deemed exempt from the requirements of this Section 2 and shall be permitted to be sold through as previously manufactured, packaged, and labeled.

3. CONSIDERATION

In settlement of all the claims referred to in this Settlement Agreement, the Parties reached an accord on the total compensation due under Proposition 65, the private attorney general doctrine and principles of contract law. Under these legal principles, KeHE shall pay a total of fifteen dollars (\$15,000.00) as settlement and for fees, costs, and penalties in fully resolving this matter.

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

In settlement of all the claims referred to in this Settlement Agreement, one thousand five hundred (\$1,500.00) shall be considered a "civil penalty." The penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% (i.e. \$1,125.00) of the funds remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% (i.e. \$375.00) of the penalty remitted to Parseghian. KeHE shall deliver the penalty payment to Parseghian's counsel. Parseghian's

counsel shall be responsible for delivering OEHHA's and Parseghian's portions of any penalty payment made under this Agreement.

5. REIMBURSEMENT OF FEES AND COSTS

In settlement of all the claims referred to in this Settlement Agreement, thirteen thousand five hundred (\$13,500.00) shall be considered reimbursement of Parseghian's attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice. The Parties reached an accord on the compensation due to Parseghian and his counsel under the private attorney general doctrine and principles of contract law.

6. PAYMENT INFORMATION

KeHE shall mail one full payment for all fees and penalties within ten (10) business days after the Effective Date, at which time such payment shall be mailed to the following address:

All payments owed to Plaintiff and for attorneys' fees, and all penalty fees shall be paid to KJT Law Group LLP delivered to the following payment address:

KJT LAW GROUP LLP

230 N. Maryland Avenue, Suite 306

Glendale, CA 91206

All payments owed to OEHHA shall be delivered from KJT Law Group directly to OEHHA at the following addresses:

For United States Postal Delivery:

Mike Gyurics
Senior Accounting Officer -- MS 19-B
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA. 95812-0410

For Non-United States Postal Service Delivery:

Mike Gyurics

Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

Other than this payment, the Parties agree to bear their own fees and costs.

7. RELEASE OF ALL CLAIMS

7.1. Release of KeHE, 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 through 6 above, Parseghian, on behalf of himself, hereby releases (a) KeHE and each of its respective equity owners, parents, subsidiaries, affiliates, sister and related companies, (b) their upstream suppliers and all downstream entities in the stream of commerce including but not limited to distributors, wholesalers, customers, retailers (including Sprouts Farmers Market, Inc.), franchisees, cooperative members, and licensees, and (c) the shareholders, directors, officers, employees, agents, members, managers, equity owners, principals, insurers, accountants, representatives, attorneys, predecessors, successors, assignees, and licensors of any of the entities identified in subsections (a) and (b), above, (the entities identified in subsections (a), (b), and (c), above, are collectively referred to as (collectively, the "Releasees"), for any alleged violations of Proposition 65, or any other alleged violation of statutory or common law, arising from alleged exposures to lead in relation to the Covered Products, manufactured through the Effective Date.

It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Covered Products will develop or be discovered. This Settlement Agreement is expressly intended to cover and include all such claims and Covered Products manufactured up to and through the Effective Date. Parseghian acknowledges that he 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.

Parseghian, in his capacity, and on behalf of himself, his 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.

The Parties understand and agree that the commitments KeHE has agreed to herein, and actions to be taken by KeHE under this Agreement, would confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Administrative Code tit. 11, § 3201. As such, it is the intent of the Parties that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to KeHE's failure to provide a Proposition 65 warning concerning the Covered Products, such private party action would not confer a significant benefit on the general public, provided that KeHE is in material compliance with this Agreement.

7.2. KeHE's Release of Parseghian:

KeHE waives any and all claims against Parseghian, his attorneys, and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Parseghian and his 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 Covered Products.

7.3. **Deemed in Compliance with Proposition 65:**

The Parties agree that material compliance by KeHE with this Settlement Agreement constitutes compliance with Proposition 65 with respect to exposure to lead in the Covered Products.

8. **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 or its implementing regulations are repealed or are otherwise rendered inapplicable by reason of law generally, or as to the Covered Products, then KeHE may modify this Settlement Agreement to reflect such changes to the law, as set forth in Section 14.

9. **SEVERABILITY**

If, subsequent to the execution of this Agreement, any of the provisions of this Agreement are deemed by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected, but only to the extent the deletion of the provision deemed unenforceable does not materially affect, or otherwise result in the effect of the Agreement being contrary to, the intent of the Parties in entering into this Agreement.

10. **NOTICES AND ENFORCEMENT**

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) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

For KeHE:

Will Wagner, Esq.
Greenberg Traurig, LLP
400 Capitol Mall, Suite 2400
Sacramento, CA 95814

For Parseghian: Tro Krikorian, Esq.
KJT Law Group, LLP
230 N. Maryland Ave., Suite 306
Glendale, CA 91206

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.

Should either Party wish to enforce future alleged violations of this Agreement, it must first provide written notice to the other Party and allow thirty (30) days to expire, during which the other Party is entitled to cure the alleged breach.

11. 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.

12. COMPLIANCE WITH HEALTH & SAFETY CODE SECTIONS 25249.7(f)

Parseghian agrees to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

13. 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.

14. MODIFICATION

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

15. DRAFTING

No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion of this Agreement. It is conclusively presumed that the Parties participated equally in the preparation and drafting of this Agreement.

16. 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.

IN WITNESS WHEREOF, the Parties have agreed, accepted, and executed this Agreement on the date written.

Executed on 6/17/2025

DocuSigned by:

17B4A0E5087E404
Berj Parseghian

Executed on June 17, 2025



KEHE Distributors, LLC

By: Justin Mallot
Its: SVP and General Counsel