

PROPOSITION 65 SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties

This Settlement Agreement (“**Agreement**”) is entered into by and between Blue Sky Forever (“**BSF**”) and Sullivan Supply, Inc. (“**SSI**”), with BSF and SSI each individually referred to as a “**Party**” and, collectively, the “**Parties**.” BSF 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. SSI is a person in the course of doing business for purposes of California Health & Safety Code § 25249.11(b).

1.2 Consumer Product Description

BSF alleges that SSI manufactures, imports, sells, and distributes for sale in California vinyl comb sleeves containing diisononyl phthalate (“**DINP**”), including, but not limited to, *Comb Sleeve, SKU: CSL*, without providing the health hazard warning that BSF alleges is required by California Health & Safety Code § 25249.5 *et seq.* (“**Proposition 65**”). Vinyl comb sleeves are referred to hereinafter as the “**Products**.” DINP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer.

1.3 Notice of Violation

On January 6, 2025, BSF served SSI, the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“**Notice**”), alleging SSI violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to DINP. No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notice.

1.4 No Admission

SSI denies the factual and legal allegations contained in the Notice and maintains that all

products it has 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 SSI of any fact, finding, conclusion of law, issue of law, or violation of law. This section shall not, however, diminish or otherwise affect SSI'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

2.1 Reformulation Commitment

Whereas SSI has discontinued any manufacturing, importing, selling, or distribution of the Products, but whereas to the extent SSI should someday in the future engage in the manufacturing, importing, selling, or distribution of the Products, then commencing on the Effective Date and continuing thereafter, all Products SSI 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 meet the Reformulation Standard for Reformulated Products, as defined by Section 2.2.

2.2 Reformulation Standard

For purposes of this Agreement, "Reformulated Products" are defined as Products which, if they contain diisononyl phthalate ("DINP"), contain such chemical in a maximum concentration of less than 0.1 percent (1,000 parts per million) when analyzed by a laboratory certified or accredited by the State of California, the United States Food and Drug Administration/Environmental Protection Agency, the National Environmental Laboratory Accreditation Program, or a member accreditation body of the International Laboratory Accreditation Cooperation ("ILAC"). For purposes of compliance with this reformulation standard, testing samples shall be prepared and extracted using Consumer Product Safety

Commission (“CPSC”) methodology CPSC-CH-C1001.09.3 and analyzed using U.S. Environmental Protection Agency methodology 8270D, or other methodologies utilized by federal or state government agencies to determine phthalate content in a solid substance.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty

Pursuant to Health and Safety Code § 25249.7(b), SSI agrees to pay a civil penalty of \$1,500 within thirty (30) business days of the Effective Date. SSI’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 BSF. SSI shall issue its payment in two checks made payable to: (a) “OEHHA” in the amount of \$1,125; and (b) “Seven Hills in Trust for BSF” in the amount of \$375. BSF’s counsel shall deliver to OEHHA and BSF their respective portion of the penalty payment.

3.2 Reimbursement of Attorneys’ Fees and Costs

BSF 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 BSF’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 thirty (30) business days of the Effective Date, SSI agrees to issue a check in the amount of \$16,500 payable to “Seven Hills LLP” for all fees and costs incurred investigating, bringing this matter to SSI’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 BSF's counsel at following address:

Seven Hills LLP
Attn: Kimberly Gates Johnson
1 Embarcadero Center, Suite 1200
San Francisco, CA 94111

4. CLAIMS COVERED AND RELEASED

4.1 BSF's Release of SSI

This Agreement is a full, final and binding resolution between BSF, as an individual and *not* on behalf of the public, and SSI, of any violation of Proposition 65 that was or could have been asserted by BSF on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, against SSI, its parents, subsidiaries, affiliated entities under common ownership including: directors, officers, employees, attorneys, and each entity to whom SSI 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 under Proposition 65 about alleged exposures to DINP contained in the Products that were manufactured, distributed, sold and/or offered for sale by SSI in California before the Effective Date, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, BSF 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 BSF's rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that BSF 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 DINP in the Products manufactured, distributed,

sold and/or offered for sale by SSI, before the Effective Date (collectively, “Claims”), against SSI and Releasees.

The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any entities that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to SSI. Nothing in this Section affects BSF’s right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve SSI’s Products.

4.2 SSI’s Release of BSF

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

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. Nothing in this Agreement shall be interpreted to relieve SSI 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 SSI:

Alexander Bandza, Esq.
Barnes & Thornburg LLP
One North Wacker Drive, Suite 4400
Chicago, IL 60606

For BSF:

Kimberly Gates Johnson, Esq.
Seven Hills LLP
1 Embarcadero Center, Suite 1200
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

BSF 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: 7/31/2025

By: 
Anthony Nguyen, CEO
Blue Sky Forever

AGREED TO:

Date: 7-23-2025

By: 
John Sullivan, CEO
Sullivan Supply, Inc.

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