

## SETTLEMENT AGREEMENT

### **1. INTRODUCTION**

#### **1.1 Parties**

This Settlement Agreement is entered into by and between CalSafe Research Center, Inc. ("CRC"), on the one hand, and SACO Foods, LLC ("SACO Foods") on the other hand, with CRC and SACO Foods each individually referred to as a "Party" and collectively as the "Parties."

#### **1.2 General Allegations**

CRC alleges that SACO Foods manufactures and/or sells and/or offers for sale and/or imports and/or distributes in California certain products, specified in Section 1.3 below, allegedly containing lead without a warning as required by Health and Safety Code §§ 25249.5 *et seq.* ("Proposition 65"). Lead is listed pursuant to Proposition 65 as a chemical known to cause cancer and birth defects or other reproductive harm. SACO Foods denies these allegations.

#### **1.3 Product Descriptions**

The product covered by this Settlement Agreement is defined as, and expressly limited to "California Sun Dry Sun-Dried Tomato Halves with Herbs (UPC# 738203101117)" that allegedly contains lead and that SACO Foods, its subsidiaries, affiliates, related companies, or distributors have manufactured, sold, offered for sale, imported or distributed for sale in California ("Product").

#### **1.4 Notice of Violation**

CRC served a 60-Day Notice of Violation dated June 6, 2025 ("Notice") on SACO Foods, Ralphs Grocery Company, the California Attorney General and the other requisite public enforcers, alleging that SACO Foods and others allegedly violated Proposition 65 by failing to warn consumers and customers in California of the alleged exposures to lead from the Product.

To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting an action to enforce the violations alleged 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 compliance with Proposition 65. Specifically, SACO Foods denies the material, factual and legal allegations contained in the Notice and maintains that all of the products it manufactured, imported, sold, offered for sale and/or distributed for sale in California, including the Product, have been, and are, in compliance with Proposition 65 and all other applicable statutory, regulatory, common law, and equitable doctrines. Nothing in this Settlement Agreement shall be construed as an admission by SACO Foods or any of its officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, joint venture partners, customers, suppliers, distributors, wholesalers, or retailers of any fact, finding, conclusion, issue of law or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by SACO Foods or any of its officers, directors, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, joint venture partners, customers, suppliers, distributors, wholesalers, or retailers of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by SACO Foods. This Section shall not, however, diminish or otherwise affect SACO Foods's obligations, responsibilities, and duties 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 and SACO Foods receives a fully executed version.

## 2. INJUNCTIVE RELIEF: PRODUCT WARNINGS

### 2.1 Clear and Reasonable Warnings

Commencing within thirty (30) days of the Effective Date, SACO Foods shall be permanently enjoined from manufacturing for sale in the State of California, "Distributing into the State of California," or directly selling in the State of California, Products that expose a person to an exposure level of more than 0.5 micrograms of lead per serving with serving size measured by the serving size specified on the label of the Product, unless it meets the warning requirements under Section 2.2.

As used in this Settlement Agreement, the term "Distributing into the State of California" shall mean to directly ship the Product into California for sale in California or to sell the Product to a distributor that SACO Foods knows will sell the Products in California.

### 2.2 General Warning Requirements

To the extent SACO Foods is required to provide a warning pursuant to this Settlement Agreement, SACO Foods agrees to provide a "clear and reasonable" warning on the Product in compliance with the requirements of Proposition 65. Each warning shall be prominently placed with such conspicuousness, as 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 before 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, so as to minimize the risk of consumer confusion.

For the purposes of this Settlement Agreement, SACO Foods shall use one of the warning options set forth below, which shall constitute a clear and reasonable warning for the Product:

1) **WARNING:** Consuming 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/food](http://www.P65Warnings.ca.gov/food).

or

2) **WARNING:** Risk of cancer and reproductive harm from exposure to lead. See [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

or

**WARNING:** Can expose you to lead, a carcinogen and reproductive toxicant. See [www.P65Warnings.ca.gov/food](http://www.P65Warnings.ca.gov/food).

SACO Foods may, at its option, use the words "CA WARNING:" or "CALIFORNIA WARNING:" instead of the word "WARNING:".

The warning shall be offset in a box with black outline.

For internet purchases, the warning must also be provided by including either the warning or a clearly marked hyperlink using the word "WARNING" or "CA WARNING" or "CALIFORNIA

**WARNING**” on the Product display page, on the same web page as the price for any Product, on one or more web pages displayed to a purchaser during the checkout process, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase.

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.

(i) Changes in Warning Regulations or Statutes

In the event that the Office of Environmental Health Hazard Assessment (“OEHHA”) promulgates one or more regulations requiring or permitting warning text and/or methods of transmission applicable to the Product or lead, which are different than those set forth above, SACO Foods shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Settlement Agreement. If regulations or legislation is enacted or issued modifying the current safe harbor warning regulations, SACO Foods is and will be considered in compliance with Proposition 65 if the warning meets the provisions of this Agreement. Moreover, if regulations or legislation are enacted or issued providing that a Proposition 65 warning for the Product or for lead is no longer required, SACO Foods shall have no further obligations pursuant to this Settlement Agreement.

**2.3 Grace Period for Existing Inventory of Products**

The injunctive requirements of Section 2 shall not apply to Product that is already in the stream of commerce as of sixty (60) days after the Effective Date, which Product is expressly subject to the releases provided in Section 6.

**3. CIVIL PENALTY PAYMENT PURSUANT TO HEALTH & SAFETY CODE § 25249.7(B).**

Pursuant to Health and Safety Code§ 25249.7(b)(2), and in settlement of all claims alleged or that could have been alleged in the Notice or referred to in this Settlement Agreement, SACO Foods agrees to pay Two Thousand Dollars (**\$2,000.00**) in civil penalties. The penalty payment will be allocated by CRC’s counsel in accordance with California Health and Safety Code§§ 25249.12(c)(1) & (d), with 75% of the penalty amount paid to OEHHA and the remaining 25% of the penalty amount retained by CRC. Within ten (10) days of the Effective Date, CRC’s counsel shall issue a check to OEHHA in the amount of One Thousand Five Hundred Dollars (**\$1,500.00**) and shall, pursuant to the instructions below, wire to CRC the amount of Five Hundred Dollars (**\$500.00**). CRC’s counsel shall provide SACO Foods’ counsel with confirmation of such delivery at the time it is made.

**4. REIMBURSEMENT OF FEES AND COSTS**

The Parties reached an accord on the compensation due to CRC and its counsel under the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5, and principles of contract law for all work performed through the mutual execution of this Settlement Agreement. Under these legal principles, within thirty (30) days of the Effective Date, SACO Foods agrees to pay Eighteen Thousand Dollars (**\$18,000.00**) for all fees and costs incurred in investigating, bringing this matter to the attention of SACO Foods, and negotiating a settlement in the public interest, subject to Section 5.2 provision regarding tax documentation.

**5. PAYMENT AND TAX DOCUMENTATION**

**5.1 Total Settlement Payment**

In full satisfaction of all claims and potential civil penalties, attorneys' fees, and costs, SACO Foods shall make a total settlement payment of Twenty Thousand Dollars **(\$20,000.00)** ("Total Settlement Amount") within thirty (30) days of the Effective Date to the bank account of the Law Offices of Joseph R. Manning via wire transfer, ACH payment or by physical check to the Law Offices of Joseph R. Manning at 26100 Towne Center Drive, Foothill Ranch, California 92610.

**Wire Instructions:**

Account Name: The Law Offices of Joseph R. Manning  
Bank Name: J.P. Morgan Chase Bank, N.A.  
Bank Address: 2967 Michelson Dr, Ste A, Irvine, CA 92612  
Wire Routing / ABA Number: 021000021  
Swift Code: CHASUS33  
Account Number: 579068902  
For further benefit of: Attorney's Fees and Costs File No. P65-1186

**5.2 Tax Documentation**

SACO Foods agrees to provide one completed IRS 1099 form for the entire settlement amount to, and CRC and Manning Law agree to provide IRS W-9 forms for each of the payees under this Settlement Agreement. The Parties acknowledge that SACO Foods cannot issue any settlement payments pursuant to Section 3 above until after SACO Foods receives the requisite W-9 forms from CRC's counsel.

**6. CLAIMS COVERED AND RELEASED**

**6.1 CRC's Release of SACO Foods**

This Settlement Agreement is a full, final, and binding resolution between CRC and SACO Foods of any violation of Proposition 65 that was or could have been asserted by CRC, acting on its own behalf or on behalf of its past and current agents, representatives, attorneys, successors, and assignees (collectively, "Releasers") against SACO Foods and its respective officers, directors, shareholders, employees, agents, attorneys, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors and retailers, including but not limited to Ralphs Grocery Company, and all entities to whom either SACO Foods or Releasees directly or indirectly distribute or sell the Product, and any other distributors, wholesalers, customers, retailers, franchisees, licensors, and licensees, (collectively, the "Released Parties" and individually, a "Released Party") for unwarned exposures to lead from the Product manufactured, distributed, imported, sold, or distributed for sale in California prior to the Effective Date.

In further consideration of the promises and agreements herein, and for the payments to be made pursuant to Sections 3, and 4, above, CRC, on behalf of itself and its officers, directors, shareholders, employees, agents, parent companies, subsidiaries and divisions hereby waives any and all rights to institute or participate in, directly or indirectly, any form of legal action, and fully releases and discharges SACO Foods and the Released Parties from any and all claims, actions, causes of action, suits, demands, liabilities, damages, obligations, penalties, fees, costs, losses or expenses asserted, including, without limitation, investigation fees, expert fees, and attorneys' fees of any nature whatsoever, whether known or unknown, fixed or contingent (collectively, "Claims") based on or related to the handling, use, sale, distribution or consumption of the Product in California, as to any alleged violation of Proposition 65 or its implementing regulations in relation to the Product, including without limitation any failure to provide

Proposition 65 warnings on the Products with respect to exposures to lead, as alleged in the Notice.

**6.2 SACO Foods's Release of CRC**

SACO Foods on behalf of its past and current agents, representatives, attorneys, successors and assignees hereby waives any and all claims against CRC and its attorneys and other representatives, for any and all actions taken, or statements made by CRC and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

**6.3 California Civil Code Section 1542**

It is possible that other claims not known to the Parties, arising out of the Notice or relating to the Products, will develop or be discovered. CRC acknowledges it is familiar with California Civil Code section 1542, which 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.

CRC on behalf of itself, its past and current agents, successors, and/or assignees, and not in its representative capacity, hereby expressly waives and relinquishes any and all rights and benefits it may have under 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 Releasors may lawfully waive such rights or benefits pertaining to released matters. The Parties agree that compliance with the terms of this Settlement Agreement shall constitute compliance by SACO Foods and any Released Party with Proposition 65.

**7. PUBLIC BENEFIT**

The parties agree that the commitments contained herein, and the actions to be taken by CRC under this Agreement, confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and 11 Cal. Code of Regulations § 3201. As such, it is the intent of CRC that to the extent any other party serves a notice and/or initiates an action alleging a violation of Proposition 65 with respect to SACO Foods' alleged failure to provide a warning concerning actual or alleged exposure to lead prior to use of the product it has manufactured, imported, distributed, sold, or offered for sale in California, or will manufacture, import, distribute, sell, or offer for sale in California, such private party action would not confer a benefit on the general public as to the Products addressed in this Settlement Agreement, provided that SACO Foods is in material compliance with this Settlement Agreement.

**8. SEVERABILITY**

In the event that any of the provisions of this Settlement Agreement are held by a court of competent jurisdiction to be unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected.

**9. GOVERNING LAW**

The terms of this Settlement Agreement shall be governed by the laws of the State of California, without regard to its conflicts of law principals. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then the SACO Foods may provide

written notice to CRC of any asserted change in the law, and have no further obligations pursuant to this Settlement Agreement, with respect to, and to the extent that, the Products are so affected. Nothing in this Settlement Agreement shall be interpreted to relieve SACO Foods from any obligation to comply with any pertinent state or federal toxics control laws.

**10. ENFORCEMENT**

If CRC alleges that SACO Foods has failed to comply with this Settlement Agreement, then prior to filing an action or a notice of violation as to SACO Foods or any Released Party, CRC shall first provide SACO Foods sixty (60) days' advance written notice of the alleged violation(s), including testing results, lot numbers, and photographs of the packaging for the product at issue. SACO Foods and CRC shall meet and confer during such 60-day period in a good faith effort to resolve the matter informally without the need for a new 60-day notice of violation or litigation.

**11. NOTICE**

When any Party is entitled to receive any notice under this Settlement Agreement, the notice shall be sent by (i) first class, registered or certified mail, return receipt requested, (ii) recognized overnight courier or (iii) electronic mail to the party at the following address:

Notices shall be sent to:

For CRC

Michael J. Manning  
Manning Law, APC  
26100 Towne Center Drive  
Foothill Ranch, CA 92610  
Tel: Office (949) 200-8757 Fax: (866) 843-8309  
p65@manninglawoffice.com

For SACO Foods

Abigail Contreras  
Clare Ellis  
50 California Street, Suite 1700  
San Francisco, CA 94111  
[acontreras@hunton.com](mailto:acontreras@hunton.com)  
[cellis@hunton.com](mailto:cellis@hunton.com)

Any Party may modify the person and address to whom the notice is to be sent by sending the other Party notice by certified mail, return receipt requested. Said change shall take effect on the date the return receipt is signed by the Party receiving the change.

**12. COUNTERPARTS: FACSIMILE SIGNATURES**

This Settlement Agreement may be executed in counterparts and by facsimile or 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. Signatures by scanned and emailed image or facsimile transmission shall have the same force and effect as original signature and as an electronic record adopted and executed by a Party with the intent to sign the electronic record pursuant to Civil Code §§ 1633.1 *et seq.*

**13. COMPLIANCE WITH HEALTH AND SAFETY CODE §25249.7(f)**

CRC and its attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code §25249.7(f); however, CRC and its attorneys agree to not promote this Settlement Agreement via mediums including but not limited to the press and social media.

**14. MODIFICATION**

The Settlement Agreement may be modified only by written agreement of the Parties.

**15. ENTIRE AGREEMENT**

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties and any and all prior negotiations and understandings related hereto shall be deemed to have been merged within it. No representations or terms of agreement other than those contained herein exist or have been made by any Party with respect to the other Party or the subject matter hereof. No representations, oral or otherwise, express or implied, other than those specifically referred to in this Settlement Agreement have been made by, or relied on, any Party.

**12. INTERPRETATION**

No inference, assumption or presumption shall be drawn, and no provision of this Settlement Agreement shall be construed against any Party, based upon the fact that one of the Parties and/or their counsel prepared or drafted any portion of this Settlement Agreement. The Parties waive the provisions of Civil Code § 1654. It is conclusively presumed that the Parties participated equally in the drafting of this Settlement Agreement.

**13. 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:

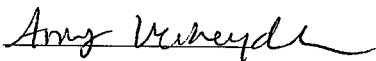
Date: 1/6/2026

By: 

CalSafe Research Center, Inc.

AGREED TO:

Date: 1/5/2026

By: 

SACO Foods, LLC