

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Environmental Health Advocates, Inc. (“EHA”), on the one hand, and Sunny Days Retail Inc., a California Corporation (“Sunny Days Retail”), on the other hand, with EHA and Sunny Days Retail each individually referred to as a “Party” and collectively as the “Parties.” EHA is a corporation in the State of California which contends that it is serving in the interest of the general public by seeking to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. EHA alleges that Sunny Days Retail is a corporate entity and/or “person” in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

EHA alleges that Sunny Days Retail sells products for sale in California and, pursuant to such product sales in California, distributes thermal receipt paper in California which contains Bisphenol S (BPS). EHA further alleges that Sunny Days Retail provides and/or distributes such thermal receipt paper without first providing the potential health hazard warning required by Proposition 65. BPS is listed pursuant to Proposition 65 as a chemical known to potentially cause reproductive harm (depending on exposure, parameters established by the State of California, and other factors).

1.3 Product Description

The product covered by this Settlement Agreement is defined as, thermal receipt paper (“Covered Product”), that is used, distributed, and/or provided to customers in California by Sunny Days Retail.

1.4 Notice of Violation

On or about August 8, 2025, EHA served Sunny Days Retail, the California Attorney General, and certain other public enforcement agencies with a 60-Day Notice of Violation of Proposition 65 (“Notice”). The Notice alleged that Sunny Days Retail had violated Proposition 65 by failing to

sufficiently warn consumers in California of the potential health hazards associated with exposures to BPS allegedly contained in the Covered Product.

To the best of the Parties' knowledge, no public enforcement entity and/or governmental entity has commenced or is otherwise prosecuting an action to enforce the alleged violations referenced in the Notice.

1.5 No Admission

Sunny Days Retail denies the material, factual, and legal claims and allegations in the Notice and maintains that all of the products it sold, distributed and/or presented for sale, and/or distributed pursuant to sales of other products (ex: receipt paper) in California, including but not limited to the Covered Product, have been, are, and remain in compliance with all laws, statutes, and recommended guidelines. Nothing in this Settlement Agreement shall be construed as an admission by Sunny Days Retail of any fact, finding, claim, allegation, conclusion, issue of law or purported violation of law, nor shall compliance with the terms of this Settlement Agreement constitute or be construed as an admission by Sunny Days Retail of any fact, finding, claim, allegation, conclusion, issue of law or violation of law, such being specifically and expressly denied by Sunny Days Retail. Sunny Days Retail enters into this Settlement Agreement in order to conclude the Parties' dispute at its inception and with minimal costs, minimize the disruption to its business operations, and to preserve its respective resources. This Section shall not, however, diminish or otherwise affect EHA's and/or Sunny Days Retail'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 executed by the Parties.

2. INJUNCTIVE RELIEF

2.1 Reformulation Standard

Beginning thirty (30) days after the Effective Date, Sunny Days Retail shall ensure that it does not purchase thermal receipt paper for use and distribution in California which is not "BPS Free" (as

that term is defined herein). For purposes of this Settlement Agreement, the term “BPS Free” means thermal receipt paper that contains less than 200 parts per million (“ppm”) of BPS when properly tested by a competent laboratory for total content using a Liquid Chromatography Mass-Spectrometer, and does not contain either BPA or BPS as an intentionally added ingredient.

2.2 Grace Period for Existing Inventory of the Covered Product

The injunctive limitations and/or requirements of Section 2 shall not apply to Covered Product that is already in the stream of commerce as of the Effective Date, which Covered Product is expressly subject to the releases provided in Section 4.1. For the avoidance of doubt, Covered Product that is in the stream of commerce specifically includes, but is not limited to, Covered Product that was procured by Sunny Days Retail prior to its receipt of the Notice and/or which has been distributed no later than thirty (30) days after the Effective Date.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Payment

The Parties have resolved their disputes for the total and finite sum of twelve thousand dollars (\$12,000) with Sunny Days Retail issuing three separate and distinct payments of (a) \$750.00, (b) \$250.00, and (c) \$11,000.00 as detailed below.

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Sunny Days Retail agrees to pay the sum of one thousand dollars (\$1,000.00) which is to be paid via two separate and distinct payments of \$750.00 and \$250.00 as detailed herein. EHA contends that this total payment of \$1,000 constitutes civil penalties though, again, Sunny Days Retail denies any wrongdoing of any nature which would necessitate a “penalty” of any nature. The \$1,000 payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (d), with 75% of the \$1,000 amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the \$1,000 amount retained by EHA as a purported “penalty payment.” Sunny Days Retail shall issue two separate checks for the total \$1,000 payment to (a) “OEHHA” and (b) Environmental

Health Advocates, Inc. as follows:

- One payment of \$750.00 to OEHHA, due fourteen (14) calendar days after the Effective Date.
- One payment of \$250.00 to EHA, due fourteen (14) calendar days after the Effective Date.

All payments owed to OEHHA (EIN: 68-0284486), pursuant to this Section shall be delivered directly to OEHHA (Memo Line “Prop 65 Payment”) at the following addresses:

For United States Postal Service Delivery:

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

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

All payments owed to EHA shall be sent to:

Environmental Health Advocates
225 Broadway, Suite 1900
San Diego, CA 92101

3.2 Attorney Fees and Costs

The Parties reached an agreement on the payment to EHA relating to the Notice and in order to conclude the Parties’ disputes. EHA contends this payment is fair and reasonable compensation due to EHA and its counsel under the private attorney general doctrine and principles of contract law. Pursuant to the Parties’ negotiations, Sunny Days Retail agrees to pay the one-time, total, and finite settlement sum of eleven thousand dollars (\$11,000.00) to EHA and its counsel for any and all fees, attorneys’ fees, costs, expenses (including, but not limited to, any testing fees and expert costs) incurred in investigating, bringing this matter to the attention of Sunny Days Retail, negotiating a settlement of the Parties’ disputes, and concluding this matter through the Effective Date and closure

of the Parties' disputes. The one-time, total, and finite settlement sum of eleven thousand dollars (\$11,000.00) in Attorney's Fees and Costs shall be payable to Entorno Law, LLP and due to Entorno Law, LLP on or before fourteen (14) calendar days after the Effective Date.

All payments required under this Section shall be payable to Entorno Law, LLP and delivered to:

Entorno Law, LLP
Attn: Isaac Fayman
225 Broadway, Suite 1900
San Diego, CA 92101

3.3 Tax Documentation

Sunny Days Retail agrees to provide a completed IRS 1099 for its payments to, and EHA agrees to provide IRS W-9 forms for, each of the payees under this Settlement Agreement. The Parties acknowledge that Sunny Days Retail cannot issue any settlement payments pursuant to Section 3.1 and 3.2 above until after Sunny Days Retail receives the requisite W-9 forms from EHA's counsel.

4. CLAIMS COVERED AND RELEASED

4.1 EHA's Release of Sunny Days Retail

This Settlement Agreement is a full, final, and binding resolution between EHA, on its own behalf, and Sunny Days Retail for any and all claims that have been raised and/or asserted by or on behalf of EHA or which could have been raised and/or asserted by or on behalf of EHA prior to and through the Effective Date, on EHA's own behalf and/or on behalf of EHA's past and/or current agents, representatives, attorneys, predecessors, successors, and assignees against and/or relating in any way to Sunny Days Retail's products and services (including, but not limited to, the Covered Product), Sunny Days Retail, and/or any of Sunny Days Retail's respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, members, employees, attorneys, and any entity, including, but not limited to each entity to whom Sunny Days Retail directly or indirectly distributes or sells products and services (including, but not limited to, the Covered Product), including, but not limited to, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members and licensees ("Releasees"), based on the actual or alleged

existence of BPS in Sunny Days Retail's products and/or services (including, but not limited to the Covered Product), any actual or alleged failure by Sunny Days Retail and/or any of the Releasees to warn about potential exposures to BPS required under Proposition 65 in Sunny Day Retail's products and services (including, but not limited to, the Covered Product) sold or distributed for sale in California by Sunny Days Retail prior to be and through the Effective Date, as alleged in the Notice, or for any other reason.

In further consideration of the promises and agreements herein contained, EHA on its own behalf, on behalf of its past and current agents, representatives, attorneys, successors and assignees hereby waives any and all rights it may have to institute or participate in, directly or indirectly, any form of legal claim, cause of action, class action, litigation, allegation, action relating in any way to Sunny Days Retail and/or the Releasees (both individually and collectively) and releases all claims against Sunny Days Retail and Releasees (both individually and collectively) including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, fees, attorneys' fees, costs, or expenses including, but not limited to, investigation and/or testing fees, expert fees and attorney fees arising under and/or relating in any way to Proposition 65 before the Effective Date.

4.2 Sunny Days Retail's Release of EHA

Sunny Days Retail, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against EHA and its attorneys and other representatives, for any and all actions taken or statements made by EHA and its attorneys and other representatives relating to Sunny Days Retail, whether in the course of investigating claims relating to Sunny Days Retail, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Covered Product.

4.3 California Civil Code Section 1542 Waiver

EHA has been informed and is aware that it is possible that other claims, whether actual or potential, material or immaterial, and whether known, reasonably knowable, or unknown, which relate to Sunny Days Retail and/or the Releasees (either individually or collectively) may exist. EHA

intends that the consideration provided by Sunny Days Retail herein and the terms of this Agreement resolve any and all claims, whether actual or potential, material or immaterial, and whether known, reasonably knowable, or unknown, which relate in any way to Sunny Days Retail and/or the Releasees (either individually or collectively). Accordingly, EHA expressly waives the rights provided under California Civil Code Section 1542, which states that:

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.

EHA, after having been afforded the opportunity to confer with its counsel, understands the significance and consequences of a California Civil Code Section 1542 waiver, and hereby assumes full and complete responsibility for any damages or losses of any nature caused by or associated with this waiver.

Sunny Days Retail has been informed and is aware that it is possible that other claims, whether actual or potential, material or immaterial, and whether known, reasonably knowable, or unknown, which relate to EHA may exist. Sunny Days Retail intends that the consideration provided by EHA herein and the terms of this Agreement resolve any and all claims, whether actual or potential, material or immaterial, and whether known, reasonably knowable, or unknown, which relate in any way to EHA. Accordingly, Sunny Days Retail expressly waives the rights provided under California Civil Code Section 1542, which states that:

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.

Sunny Days Retail, after having been afforded the opportunity to confer with its counsel, understands the significance and consequences of a California Civil Code Section 1542 waiver, and hereby assumes full and complete responsibility for any damages or losses of any nature caused by or associated with this waiver.

5. PUBLIC BENEFIT

It is the intent of Sunny Days Retail that to the extent any other private party serves a notice and/or initiates an action alleging a violation of Proposition 65 with respect to Sunny Days Retail's alleged failure to provide a warning concerning actual or alleged exposure to BPS prior to use of the Covered Product it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to the Covered Product addressed in this Settlement Agreement, provided that Sunny Days Retail is in material compliance with this Settlement Agreement.

6. SEVERABILITY

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

7. 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.

8. ENFORCEMENT

In any action to enforce the terms of this Settlement Agreement, the prevailing party as determined by a court of competent jurisdiction shall be entitled to its reasonable attorneys' fees and costs.

9. NOTICE

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier (ex: FedEx) on any Party by the other at the following addresses:

For Sunny Days Retail:

Call & Jensen, APC
Attn: Ryan M. McNamara
610 Newport Center Drive, Suite 700
Newport Beach, CA 92660
rmcnamara@calljensen.com

Sunny Days Retail Inc.
Attn: Jill Borrelli
2087 Laguna Canyon Road
Laguna Beach, CA 92651

For EHA:

Entorno Law, LLP
Attn: Noam Glick
225 Broadway, Suite 1900
San Diego, CA 92101

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

10. NOTICE & OPPORTUNITY TO CURE

The Parties agree that this Agreement is intended to fully and finally resolve all current disputes between them as well as provide a mechanism for the expeditious and inexpensive resolution

of any future disputes, which may arise between them, if any, without the need for actual or threatened litigation. Accordingly, the Parties hereby agree that if, following the Effective Date of this Agreement, EHA contends that any policy, practice, procedure, product, and/or service of Sunny Days Retail and/or the Releasees (either individually or collectively) violates or potentially violates the injunctive obligations under this Agreement, EHA shall notify Sunny Days Retail, in writing, delivered by certified mail, of (a) the perceived issue regarding the subject policy, practice, procedure, product, and/or service of Sunny Days Retail and/or the Releasees (either individually or collectively) and/or (b) the specific perceived non-compliance with California's Proposition 65 by Sunny Days Retail and/or the Releasees (either individually or collectively) as determined by EHA. Such notice shall be sent to Sunny Days Retail as follows:

Call & Jensen, APC
Attn: Ryan McNamara, Esq.
610 Newport Center Drive, Suite 700
Newport Beach, CA 92660

Sunny Days Retail Inc.
Attn: Jill Borrelli
2087 Laguna Canyon Road
Laguna Beach, CA 92651

Sunny Days Retail shall have thirty (30) calendar days from the date of mailing of the written notice from EHA to investigate the matter and confer and to discuss any alleged deficiencies, issues, and/or non-compliance with EHA via EHA's counsel (the "Initial Conference"). Sunny Days Retail will then have a maximum of thirty (30) additional calendar days from the expiration of the full Initial Conference period to either (a) dispute the deficiencies alleged by EHA or confirm that there is no potential liability associated therewith or (b) address and moot the alleged deficiencies, issues, and/or non-compliance. If Sunny Days Retail disputes the alleged deficiencies, issues, and/or alleged non-compliance, Sunny Days Retail will send a notice of the dispute, on or before expiration of that second ninety-day time period ("Secondary Conference"), with sufficient particularity to identify the areas

of contention, to EHA's counsel via certified mail at:

Entorno Law
Attn: Noam Glick, Esq.
Attn: Gianna Tirrell, Esq.
225 Broadway, Suite 1900
San Diego, CA 92101

If Sunny Days Retail does not dispute the alleged deficiencies, issues, and/or alleged non-compliance, Sunny Days Retail will have until the close of the full Secondary Conference period to address, discontinue, and/or moot the alleged deficiencies, issues, and/or non-compliance (ex: confirm the existence of Proposition 65 warning signage, remove or eliminate the use and distribution of the relevant product or service, etc.) or otherwise reasonably address EHA's concerns. In the event that Sunny Days Retail (or any agent, individual and/or entity acting on their respective behalf of or at the instruction of Sunny Days Retail) addresses EHA's concerns before the close of the full Secondary Conference period, EHA will not authorize, take, or initiate any legal action of any nature or degree with respect to such addressed concerns nor will EHA authorize, take, or initiate any new suit, allegation, cause of action, claim, charge, complaint, grievance, or demand of any kind whatsoever, whether with any local, state, or federal court or any governmental, administrative or other agency or board. Additionally, EHA will not claim to be a prevailing party with respect to such addressed concerns, nor will EHA seek any damages of any nature (statutory or otherwise), declaratory relief, injunctive relief, attorneys' fees, expert fees, testing costs, litigation expenses, penalties (statutory or otherwise), and/or costs of any nature against Sunny Days Retail and/or the Releasees (either individually or collectively) which relate to any such addressed concerns. Additionally, specific and written notice to Sunny Days Retail and its counsel regarding the alleged deficiencies, issues, and/or non-compliance, as well as expiration of both the Initial Conference and the Secondary Conference, shall be prerequisites to EHA authorizing, taking, or initiating any legal action and/or demands of any nature, degree, or amount with respect to the alleged deficiencies,

issues, and/or non-compliance against Sunny Days Retail and/or the Releasees, either individually or collectively.

11. WARRANTY REGARDING OTHER POTENTIAL CLAIMANTS OR LEGAL CLAIMS.

EHA and EHA's counsel represent and warrant that, as of the Effective Date of this Agreement, they have not encouraged any other person to consider or bring, or assisted any other person in considering or bringing, claims against Sunny Days Retail and/or the Releasees, either individually or collectively, that are related in any way to California's Proposition 65 nor are they aware, either individually or collectively, as of the Effective Date of this Agreement, of any person, organization, and/or entity other than EHA who or which has or may have any active and/or pending Proposition 65 claims or any other claims of any other natures relating to Sunny Days Retail and/or the Releasees, either individually or collectively. EHA further represents and warrants that EHA has no claims relating in any way to Sunny Days Retail and/or the Releasees, either individually or collectively, other than the claims and allegations expressly stated in the Notice and which are fully resolved, released, and terminated in their entirety and with prejudice pursuant to the terms of this Agreement. The Parties expressly acknowledge and agree that each and all of the representations and warranties set forth in this section by EHA and/or EHA's counsel are material inducements to Sunny Days Retail to enter into this Agreement, that Sunny Days Retail has reasonably relied upon each and all of the representations and warranties set forth in this section and that, but for each and all of the representations and warranties, Sunny Days Retail would not have entered into this Agreement.

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.

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

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

14. MODIFICATION

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

15. 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.

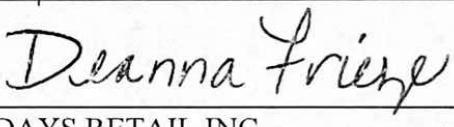
AGREED TO:

Date: 1/16/26

By: 
ENVIRONMENTAL HEALTH
ADVOCATES, INC.

AGREED TO:

Date: 1/14/2025

By: 
Deanna Frieze
SUNNY DAYS RETAIL INC.