

## SETTLEMENT AND RELEASE AGREEMENT

### 1. **INTRODUCTION**

#### 1.1. **Ecological Alliance, LLC and Daiso USA LLC**

This Settlement Agreement is entered into by and between Ecological Alliance, LLC ("Alliance"), on the one hand, and Daiso USA LLC ("Daiso"), on the other hand, with Alliance and Daiso collectively referred to as the "Parties."

#### 1.2. **General Allegations**

Alliance alleges that Daiso either imported, and/or manufactured and/or distributed and/or directly or indirectly sold or offered for sale in the State of California Daiso grill sheets and paper straws, that allegedly contain Perfluorooctane sulfonate ["PFOS"] 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 listed PFOS 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 are defined as grill sheets and paper straws that Daiso, or its subsidiaries, affiliates, related companies, or distributors have directly or indirectly (such as through wholesale or retailer customers) sold, offered for sale or distributed in California (the "Product").

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

On October 20, 2025, Alliance served Daiso 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 Daiso

and such public enforcers with notice that Daiso 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 PFOS. 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 Daiso's compliance with Proposition 65. Specifically, Daiso denies the material factual and legal allegations contained in Alliance'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 or any other statutory, regulatory, common law or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission against interest by Daiso 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 against interest by Daiso of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Daiso. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Daiso under this Settlement Agreement.

**1.6. Effective Date**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date that both Parties have notice that this Settlement Agreement is fully executed.

## 2. **INJUNCTIVE RELIEF: REFORMULATION OR WARNINGS**

### 2.1. **Reformulation or Warnings**

Within 30 days of the Effective Date, Daiso shall not manufacture or cause to be manufactured any Product that will be sold or offered for sale to California consumers (the “Compliance Date”) that contains (1) any intentionally added PFOS, or (2) any intentionally added fluorinated ingredient that causes PFOS to be in a Product, including but not limited to C9-15 fluoroalcohol phosphate, unless the Product has a Proposition 65 warning. Additionally, if Daiso were to determine, or be advised by a supplier or other credible person, that PFOS is present in a Product, even if not intentionally added, Daiso shall not knowingly sell such Products without a Proposition 65 warning. No warnings shall be required for Products that were manufactured prior to the Compliance Date or that were already in the stream of commerce prior to the Compliance Date, regardless of the date such Products are sold or used in California.

### 2.2. **Warning Language**

If a warning is required for any Products pursuant to Section 2.1, Daiso shall provide Proposition 65 warnings as follows:

(a) Daiso may use any of the following warning statements in full compliance with this Section:

- (1)  **WARNING:** This product can expose you to chemicals including Perfluorooctane sulfonate [PFOS], 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](http://www.P65Warnings.ca.gov).

- (2)  **WARNING:** Risk of Cancer and Reproductive Harm from exposure to Perfluorooctane sulfonate [PFOS]. See [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

Where the sign, label, hang tag, product packaging, or shelf tag for the Product is not printed using the color yellow, the symbol may be printed in black and white.

The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word "WARNING".

(b) The requirements for warnings, set forth in subsection (a) above are imposed pursuant to the terms of this Settlement Agreement. The Parties recognize that these are not the exclusive methods of providing a legally compliant warning under Proposition 65 and its implementing regulations.

(c) Foreign Languages. Additionally, if “consumer information,” as that term is defined in Title 27, California Code of Regulations, Section 25600.1(c) as it may be amended from time to time, is provided in a language other than English, the warning will be provided in that language in addition to English.

(d) Online Sales. If Daiso sells Products via an internet website it controls to consumers located in California, the warning requirements of this section shall be satisfied if the foregoing warning appears either: (a) on the same web page on which a Product is displayed and/or described; (b) on the same page as the price for the Products; (c) on one or more web pages displayed to a California purchaser prior to completion of purchase during the checkout process; or (d) via a hyperlink taking the customer to a separate page containing the warning language, provided that the hyperlink appears on the same page as either the product description or product price are displayed, or appears

prior to completion of the sale at checkout. Alternatively, a symbol consisting of a black exclamation point in a yellow or white equilateral triangle may appear adjacent to or immediately following the display, description, price, or checkout listing of the Products; if the warning statement appears elsewhere on the same web page in a manner that clearly associates it with the product(s) to which the warning applies.

(e) If Proposition 65 warnings for PFOS should no longer be required for the Products, Daiso shall have no further obligations pursuant to this Settlement Agreement.

**3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE SECTION**

**25249.7(b)**

In settlement of all the claims referred to in this Settlement Agreement, Daiso shall pay a total of \$200 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 Alliance. Alliance's counsel shall be solely responsible for distributing the civil penalty to OEHHA and Alliance as set forth in this agreement.

**4. REIMBURSEMENT OF FEES AND COSTS**

The Parties reached an accord on the compensation due to Alliance and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Daiso shall reimburse Alliance's counsel for fees and costs, incurred because of investigating and bringing this matter to Daiso attention. Daiso shall pay Alliance's counsel \$9,800 for all

attorneys' fees, expert and investigation fees, and related costs associated with this matter and the Notice.

**5. PAYMENT INFORMATION**

By February 27, 2026, Daiso shall make a total payment of Ten Thousand Dollars (\$10,000) for the civil penalties and attorney's fees and costs by wire transfer to Plaintiff's counsel Custodio & Dubey LLP:

Bank: Bank of America, N.A.

Routing No.: 026009593

Account No.: 325209699971

Beneficiary: Custodio & Dubey LLP

Custodio & Dubey LLP shall be solely responsible for allocating the payments to each payee pursuant to Sections 3 and 4 of this Settlement Agreement. Other than this payment, each side is to bear its own attorneys' fees and costs.

**6. RELEASE OF ALL CLAIMS**

**6.1. Release of Daiso, 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 and 4 above, Alliance, 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 fully and finally releases all claims relating to the Products up through the Compliance Date, 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, including but not limited to Proposition 65 claims (collectively "Claims"), against (a) Daiso; and (b) each entity from whom Daiso procures the Products, and each entity to whom Daiso directly or indirectly formerly or currently distributes, sells, offers for sale or licenses Products, including distributors, wholesalers, vendors, licensors, licensees, auctioneers, retailers, franchisees, dealers, shareholders, cooperative members, customers, owners, purchasers, users; and (c) in the case of both (a) and (b) herein, each of their respective parent companies, corporate affiliates, subsidiaries, divisions, related entities, predecessors, successors, and assigns, as well as their respective officers, directors, members, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively "Releasees").

Alliance also, in its personal capacity, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees and *not* in its representative capacity, 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, attorneys' fees, damages, losses, claims, liabilities and demands of any nature, character or kind, known or unknown, suspected or unsuspected up through the Compliance Date, against Daiso and the Releasees. Alliance 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.

Alliance, in its personal 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 up through the Compliance Date.

**6.2. Daiso Release of Alliance**

Daiso waives any and all claims against Alliance, its attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Alliance 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 up through the Effective Date.

**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. If Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Daiso shall have no further obligations pursuant to this Settlement Agreement. The warning obligations in this Settlement Agreement do not apply to Products that are not sold in California or to California consumers.

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

For Daiso: Rudy Perrino  
Kutak Rock LLP  
777 South Figueroa St., Suite 4550  
Los Angeles, CA 90017

Rudy.perrino@kutakrock.com

For Alliance: Vineet Dubey, Esq.  
Custodio & Dubey LLP  
445 S. Figueroa St., Suite 2520  
Los Angeles, CA 90071

dubey@cd-lawyers.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.

**9. 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.

**10. COMPLIANCE WITH HEALTH & SAFETY CODE SECTION 25249.7(f)**

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

**11. 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.

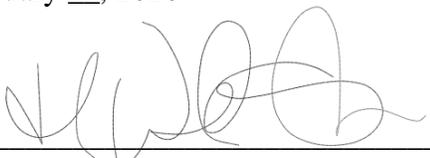
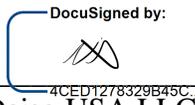
**12. MODIFICATION AND ENFORCEMENT**

This Settlement Agreement may be modified only by a written agreement signed by the Parties. This Settlement Agreement is enforceable solely by the Parties hereto. If one Party

alleges the other Party is in breach, the Parties shall confer in good faith to address the allegation. No suit may be filed until such informal dispute resolution efforts are completed which efforts shall include at least one videoconference meeting.

**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.

<p style="text-align: center;"><b>AGREED TO:</b></p> <p>Date: February <u>26</u>, 2026</p> <p>By:  On Behalf of Ecological Alliance, LLC</p>	<p style="text-align: center;"><b>AGREED TO:</b></p> <p>Date: February <u>25</u>, 2026</p> <p>By:  Daiso USA LLC</p>
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