

SETTLEMENT AND RELEASE AGREEMENT

1. **INTRODUCTION**

1.1. **Blue Sky Forever and Fratelli Carli USA, Inc.:**

This Settlement Agreement is entered into by and between Blue Sky Forever ("BSF"), represented by its attorneys KJT Law Group, LLP on the one hand, and Fratelli Carli USA, Inc. ("Fratelli Carli"), on the other hand, with BSF and Fratelli Carli collectively referred to as the "Parties."

1.2. **General Allegations**

BSF alleges that Fratelli Carli manufactured, distributed, and offered for sale in the State of California products containing Mercury 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 identified and listed Mercury under Proposition 65 as a chemical known to the State of California to cause birth defects or other reproductive harm. Fratelli Carli denies these allegations.

1.3. **Product Description**

The product covered by this Settlement Agreement is defined as Fratelli Carli – Mackerel Fillets – In Olive Oil, that Fratelli Carli has sold, offered for sale, manufactured, or distributed in California. All such items shall be referred to herein as the "Covered Product."

1.4. **Notice of Violation**

On December 15, 2025, BSF served Fratelli Carli 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 Fratelli Carli and such public enforcers with notice that Fratelli Carli was allegedly in violation

of California Health & Safety Code section 25249.6 for failing to warn consumers and customers that the Covered Product exposed users in California to Mercury. 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 Fratelli Carli compliance with Proposition 65. Specifically, Fratelli Carli denies the allegations contained in BSF's Notice and maintains that all products that it has placed for sale and distribution in California, including the Covered Product, 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 by Fratelli Carli 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 Fratelli Carli of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Fratelli Carli. However, nothing in this section shall diminish or otherwise affect the obligations, responsibilities, and duties of Fratelli Carli 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.

1.7 **Compliance Date**

For purposes of this Settlement Agreement, the term "Compliance Date" means 90 days from the Effective Date.

2. INJUNCTIVE RELIEF:

2.1 Cessation of Sales into California

Beginning on the Compliance Date, Fratelli Carli 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, any Covered Product that expose a person to a "Daily Mercury Exposure Level" of more than 0.3 micrograms of Mercury per day, 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 a Covered Product into California for sale in California or to sell a Covered Product to a distributor that Fratelli Carli knows or has reason to know will sell the Covered Product in California.

For purposes of this Settlement Agreement, the "Daily Mercury Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of Mercury per gram of product, multiplied by grams of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of recommended daily servings appearing on the label), which equals micrograms of Mercury exposure per day. If the label contains no recommended daily servings, then the number of recommended daily servings shall be one.

2.2 Clear and Reasonable Warnings

If Fratelli Carli is required to provide a warning pursuant to Section 2.1, one of the following warnings must be utilized ("Warning").

Option 1:

WARNING: Consuming this product can expose you to chemicals including Mercury, which is known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/food.

Option 2:

WARNING: Can expose you to Mercury, a reproductive toxicant. See www.P65Warnings.ca.gov/food.

The Warning shall be securely affixed to or printed upon the label of each Covered Product, and it must be set off from other surrounding information. For purposes of this Settlement Agreement, the term "label" means a display of written, printed or graphic material that is printed on or affixed to a Covered Product or its immediate container or wrapper. The warning must be set off from other surrounding information, enclosed in a box. If consumer information on the package is in a foreign language, the warning must also be provided in the foreign language. In addition, for any Covered Product sold over the internet, the Warning shall appear on the checkout page in full text or through a clearly marked hyperlink using the word "WARNING" in all capital and bold letters when a California delivery address is indicated for any purchase of any Covered Product. If a hyperlink is used, the hyperlink must go directly to a page prominently displaying either the Option 1 Warning or the Option 2 Warning without content that detracts from the Warning. An asterisk or other identifying method must be utilized to identify which products on the checkout page are subject to the Warning. The Warning shall

comply with the Safe Harbor Provisions, applicable to the Covered Product and chemical at issue, as those regulations may be amended from time to time.

2.3 Grace Period for Existing Inventory

The injunctive requirements of Section 2 shall not apply to any Covered Product that is already in the stream of commerce as of the Compliance Date, and such Covered Product shall be expressly subjected to the releases provided in Section 6.1.

3. CONSIDERATION

In settlement of all the claims referred to in this Settlement Agreement, the Parties reached an accord on the compensation due, under the private attorney general doctrine and principles of contract law. Under these legal principles, Fratelli Carli shall pay \$15,000.00 as settlement and for fees and costs, incurred as a result of investigating and bringing this matter to Fratelli Carli's attention.

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

In settlement of all the claims referred to in this Settlement Agreement, \$1,500.00 shall be considered a "civil penalty." The civil penalty payment will be allocated in accordance with California Health & Safety Code section 25249.12(c)(1) & (d), with 75% of the funds (\$1,125.00) remitted to the California Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty (\$375.00) shall be remitted to BSF. Fratelli Carli shall make these payments on or before the date that is ten (10) business days after the Effective Date, at which time such payments shall be made as follows:

(a) The \$375.00 payment owed to BSF shall be delivered by wire transfer to the following payment address:

Beneficiary: Blue Sky Forever
US Bank Routing Number: 122235821
US Bank Account Number: 157534179856
Beneficiary Address: 1142 W Orangethorpe Avenue, Fullerton, CA 92833-4743

(b) The \$1,125.00 payment owed to OEHHA shall be delivered by check directly to OEHHA or paid through another acceptable means.

5. REIMBURSEMENT OF FEES AND COSTS

In settlement of all the claims referred to in this Settlement Agreement, \$13,500.00 shall be considered reimbursement of BSF'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 BSF and its counsel under the private attorney general doctrine and principles of contract law. Fratelli Carli shall pay such amount to "KJT Law Group," by bank wire transfer on or before the date that is ten (10) business days after the Effective Date.

All payments owed to BSF's counsel shall be made by wire transfer to an account whose wire details will be provided by KJT Law Group via email after this Agreement is signed.

6. RELEASE OF ALL CLAIMS

6.1. Release of Fratelli Carli, 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, BSF, on behalf of itself, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims relating to the Covered Product, 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) against Fratelli Carli, its equity owners, parent companies, corporate affiliates,

subsidiaries, predecessors, successors and assigns (collectively “Releasees”) and each of its distributors, wholesalers, licensors, licensees, auctioneers, and retailers for any alleged violations of Proposition 65 arising from alleged exposure to Mercury in relation to the Covered Product, up through the Compliance 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 Product will develop or be discovered. This Settlement Agreement is expressly intended to cover and include all such claims up through the Effective Date. BSF, in its capacity, 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.

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. 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; or (ii) overnight courier on any party by the other party at the following addresses:

For Fratelli Carli:	Leslie K. Beaudin, Esq. Valla Morrison & Schachne Inc., P.C. 235 Montgomery Street, Suite 2240 San Francisco, CA 94104
---------------------	--

For BSF: 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.

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. 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.

11. MODIFICATION

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

12. 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.

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.

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

Executed on 6/23/2026.


Blue Sky Forever



By: Anthony Nguyen
Its: CEO

Executed on 6/8/2026.

Fratelli Carli USA, Inc.



By: Carlo Carli
CEO
Its: