

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement (“**Agreement**”) is entered into by and between Atlantic Enterprises (“**Atlantic**”) and Keep America Safe and Beautiful (“**KASB**”) with Atlantic and KASB referred to, individually, as a “**Party**” and, collectively, as the “**Parties.**” KASB is a California nonprofit corporation, proceeding in the public interest, pursuant to California Health & Safety Code § 25249.7(d), to ensure chemicals known to the State of California to cause cancer, birth defects or other reproductive harm are either disclosed or eliminated from products sold in California. Atlantic is a “person in the course of doing business,” as defined by Health & Safety Code § 25249.11(b), for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health & Safety Code §§ 25249.5 *et seq.* (“**Proposition 65**”).

1.2 General Allegations & Consumer Product Description

KASB alleges Atlantic manufactures, distributes, sells and/or offers for sale to consumers in California the vinyl cases containing di(2-ethylhexyl) phthalate (“**DEHP**”) which are a component of *Surgical Online® 8 Hegar Medical Dilator Sounds Set, 7.5 inch Double Ended Instrument Item #: dil_106 ASIN: B07H2LKBKK Barcode: X001PHCSWV UPC: 689384825814*, without providing the health hazard warning required by Proposition 65. These vinyl cases are referred to hereinafter as the “**Products.**” DEHP is listed as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

1.3 Notice of Violation

On February 5, 2025, KASB served Zulco Int’l., Inc., the California Attorney General, and the requisite public enforcement agencies with a 60-Day Notice of Violation (“**Notice**”), alleging violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to DEHP. No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in either the Notice.

On April 1, 2026, KASB served Atlantic, Zulco Int’l., Inc., the California Attorney General, and the requisite public enforcement agencies with a Supplemental 60-Day Notice of

Violation (“**Supplemental Notice**”), alleging violated Proposition 65 by failing to warn its customers and consumers in California that its Products can expose users to DEHP. The Notice and Supplemental Notice are collectively referred to herein as the “**Notices.**” No public enforcer has commenced and is diligently prosecuting an action to enforce the allegations in the Notices.

1.4 No Admission

Atlantic denies the factual and legal allegations contained in the Notices and maintains all products it manufactured, sold, and distributed for sale, in or into California, including the Products, have been and are in compliance with all laws. Nothing in this Agreement shall be construed as an admission by Atlantic of any fact, finding, issue of law or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Atlantic of any fact, finding, conclusion, issue of law or violation of law. This section shall not, however, diminish or otherwise affect the obligations, responsibilities, and duties under this Agreement.

1.5 Effective Date

For purposes of this Agreement, the term “**Effective Date**” shall mean June 16, 2026.

2. INJUNCTIVE RELIEF: REFORMULATION & INTERIM WARNINGS

2.1 Commitment to Reformulate the Products

Commencing on the Effective Date, and continuing thereafter, Atlantic agrees all Products it manufactures, imports, distributes, sells and/or offers for sale in or into California shall be Reformulated Products, in accordance with and as defined by Section 2.2 or accompanied by a clear and reasonable warning pursuant to Section 2.3.

2.2 Reformulated Products & Reformulation Standard Defined

For purposes of this Agreement, “**Reformulated Products**” are defined as Products which, if they contain diisononyl phthalate (“**DINP**”), di(2-ethylhexyl) phthalate (“**DEHP**”), di-n-butyl phthalate (“**DBP**”), butyl benzyl phthalate (“**BBP**”), di-isodecyl phthalate (“**DIDP**”) or di-n-hexyl phthalate (“**DnHP**”), contain any or all such chemicals each 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 CPSCCH-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. (“**Reformulation Standard.**”)

2.3 Interim Clear and Reasonable Warnings

Commencing on or before the Effective Date, Atlantic shall provide clear and reasonable warnings for all remaining inventory of Products that are not Reformulated Products provided for sale to customers in California in accordance with this Section pursuant to Title 27, California Code of Regulations, section 25600, et seq. 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 and shall be provided in a manner such that it is clearly associated with the specific Product to which the warning applies.

(a) **Warning.** The following warnings for Products containing one or more chemical(s) in excess of the Reformulation Standard shall be deemed in compliance with Title 27 California Code of Regulations § 25600, *et seq.*:

Option 1:

⚠WARNING [or] CA WARNING [or] CALIFORNIA WARNING: This product can expose you to chemicals including di(2-ethylhexyl)phthalate (DEHP), 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.

Option 2:

⚠WARNING [or] CA WARNING [or] CALIFORNIA WARNING: Risk of cancer and reproductive harm from exposure to di(2-ethylhexyl)phthalate (DEHP). See www.P65Warnings.ca.gov.

Option 3:

⚠️ WARNING [or] CA WARNING [or] CALIFORNIA WARNING: Can expose you to di(2-ethylhexyl)phthalate (DEHP), a carcinogen and reproductive toxicant. See www.P65Warnings.ca.gov.

Option 4: The following warning statement may be used on Products manufactured and labeled prior to January 1, 2028:

⚠️ WARNING: Cancer and Reproductive Harm -- www.P65Warnings.ca.gov.

(b) **Foreign Language Requirement.** Where a consumer product sign, label or tag used to provide a warning includes “consumer information,” as the term is defined in Title 27 California Code of Regulations § 25600.1(c) (“**Consumer Information**”), in languages other than English, then the accompanying warnings must also be provided in those languages, in addition to English.

(c) **On-Product Warning Requirements.** Atlantic shall affix a warning to the Product label or otherwise directly on each Product provided for sale to consumers located in California and to customers with retail outlets in California or nationwide distribution. For purposes of this Agreement, “**Product label**” means a display of written, printed, or graphic material that is printed on or affixed to each of a Product or its immediate wrapper. A warning provided pursuant to Section 2.3(a) must print the word “**WARNING:**” in all capital letters and in bold font. The warning symbol to the left of the word “**WARNING:**” must be a black exclamation point in a yellow equilateral triangle with a black outline, except that if the labeling does not use the color yellow, then the symbol may be in black and white. The entire warning shall appear in a type size of at least 6-point type and no smaller than the largest type size used for other Consumer Information on the Products.

(d) **Internet Product Warning Requirements.** For all Products sold in or into California through third-party websites over which Atlantic has the ability to control the application of warnings, Atlantic shall provide warnings for each Product, both on the Product label, in accordance with Section 2.3(c), and by prominently displaying the warning to customers prior to purchase or during the checkout process such that the consumer does not have to seek out the information being provided. The warning or a clearly marked hyperlink to the warning, using the word “**WARNING**” and given in conjunction with the sale of Products via the internet, shall

appear on: (a) the same web page on which the Product is displayed; (b) the same web page as the order form for the Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The warning shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than other consumer information provided for the Product. For third-party websites, over which Atlantic has no control, as a condition of sale, Atlantic shall notify its downstream customers the Products must be accompanied by a warning, prior to and as a condition of sale, in or into California, and shall supply the warning requirements, pursuant to Section 2.3. If the on-Product Warning is one of the warning statements set forth in Options 2-4 in Section 2.3(a), the Internet Warning may use the corresponding warning statement.

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalties

Pursuant to Health and Safety Code § 25249.7(b), and in settlement of all claims alleged in the Notice, Atlantic agrees to pay \$1,000 in civil penalties. Penalty payments shall be allocated in accordance with Health and Safety Code § 25249.12(c)(1) and (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“**OEHHA**”) and the remaining 25% of the penalty amount retained by KASB. Within ten (10) days of the Effective Date, Atlantic agrees to pay a non-waivable civil penalty in two separate checks, made payable as follows: (1) “**OEHHA**” in the amount of \$750; and “**Seven Hills in trust for Keep America Safe and Beautiful**” in the amount of \$250, and delivered to the address in Section 3.3, below. KASB’s counsel shall deliver to KASB and to OEHHA their respective portions of the civil penalty payments.

3.2 Representations

Atlantic represents the information about sales data and product reformulation it provided to KASB in negotiating this Agreement was truthful and acknowledges such information was a material factor upon which KASB relied to determine the civil penalty assessed pursuant to Health & Safety Code § 25249.7. If, within nine months of the Effective Date, KASB discovers

and presents evidence demonstrating the preceding representation was materially inaccurate, then Atlantic shall have 30 days to meet and confer regarding KASB's contention. If the 30-day meet and confer period passes without any such resolution between KASB and Atlantic, then KASB shall be entitled to make an appropriate motion to the Court to cure any breach of this Section 3.2 of the Agreement pursuant to Code of Civil Procedure § 664.6. The prevailing Party on the motion shall be entitled to its reasonable attorneys' fees as approved by the Court.

3.3 Reimbursement of Attorneys' Fees and Costs

The Parties acknowledge KASB and its counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed, thereby leaving the issue to be resolved after the Parties settled the material terms of this Agreement. Shortly after the Parties finalized all other terms, the Parties negotiated a resolution of the compensation due to KASB and its 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 of this Agreement. Under these legal principles, within ten (10) days of the Effective Date, Atlantic shall issue payment to "Seven Hills LLP" for \$18,000 in the form of three installment checks for investigating, bringing this matter to the attention of Atlantic's management, and negotiating a settlement in the public interest. The installments payable to "Seven Hills LLP" shall be deposited according to the following payment plan:

- First Installment of \$6,000 to be sent by June 26, 2026;
- Second Installment of \$6,000 to be sent by July 26, 2026;
- Third Installment of \$6,000 to be sent by August 26, 2026.

3.4 Payment Address

All payments required by this Agreement shall be delivered to the following address:

Seven Hills LLP
1 Embarcadero Center, Suite 1200
San Francisco, CA 94111

4. CLAIMS COVERED AND RELEASED

4.1 KASB's Release of Atlantic

This Agreement is a full, final and binding resolution between KASB, as an individual and *not* on behalf of the public, and Atlantic, of any violation that was or could have been asserted by KASB on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, against Atlantic, its subsidiaries, divisions, directors, officers, employees, attorneys, and each entity to whom Atlantic directly or indirectly distributes or sells Products, including, but not limited, to downstream distributors, wholesalers, customers, including, without limitation retailers, franchisees, cooperative members, and licensees (collectively, Releasees), based on alleged exposures to DEHP and the failure to provide a warning under Proposition 65 about exposure to DEHP contained in Products distributed, sold or offered for sale by Atlantic, as alleged in the Notice, prior to the Effective Date.

In further consideration of the promises and agreements herein contained, KASB 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 KASB's rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that KASB 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, expenses, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to Products distributed, sold and/or offered for sale by Atlantic prior the Effective Date, as alleged in the Notice, against Atlantic and Releasees.

The Parties further understand and agree that this Section 4.1 release shall neither extend upstream to any entities that manufactured the Products or any component parts thereof or any suppliers who sold the Products or any component parts to Atlantic nor downstream to any Releasee who has been instructed by Atlantic pursuant to Section 2.3(e) to provide a warning and fails to do. Nothing in this Section affects KASB's right to commence or prosecute an action under Proposition 65 against a Releasee not involving Atlantic's Products.

4.2 Atlantic's Release of KASB

Atlantic, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against KASB, its attorneys and other representatives, for any

actions taken or statements made, or could have been taken or made by, KASB, its attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against Atlantic with respect to the Products.

5. SEVERABILITY

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

6. GOVERNING LAW

The terms of this Agreement shall be governed by and apply within the laws of the State of California. Nothing in this Agreement shall be interpreted to relieve Atlantic from its obligation to comply with pertinent state or federal toxics control laws.

7. NOTICE

Unless specified herein, all correspondence and notice required to be provided by this Agreement shall be in writing and sent by: (i) first-class (registered or certified mail) return receipt requested; or (iii) overnight courier, to one party by the other at the following addresses:

For Atlantic:

Shahbaz Akhtar, Partner
Atlantic Enterprises
Air Port Road. Gohad Pur.
Sialkot, 51310
Pakistan

For KASB:

Laralei Paras, Esq.
SEVEN HILLS LLP
1 Embarcadero Center, Suite 1200
San Francisco, CA 94111

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

8. COUNTERPARTS AND SIGNATURES

This Agreement may be executed in counterparts and by pdf signature, which shall be deemed an original, and, when taken together, shall be deemed to constitute the same document.

9. REPORTING PURSUANT TO HEALTH & SAFETY CODE § 25249.7(f)

KASB agrees to comply with the reporting requirements in Health & Safety Code § 25249.7(f).

10. MODIFICATION


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

11. AUTHORIZATION

The undersigned represent they have the full authority to enter into and legally bind the entities that are the subject of this Agreement. The undersigned further represent they are authorized to execute this Agreement and have read, understood, and agree to all of the terms and conditions contained herein.

AGREED TO:

Date: 6/23/2026

By: 
Lance Nguyen, CEO
Keep America Safe and Beautiful

AGREED TO:

Date: 06/22/26

By: 
Shahbaz Akhtar, Partner
Atlantic Enterprises