

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 The Parties. This Settlement Agreement is entered into by and between Gabriel Espinoza (“Espinoza”) and Jaydee Group USA Inc. (“Jaydee”). Together, Espinoza and Jaydee are collectively referred to as the “Parties.” Espinoza is an individual who resides in the State of California, and seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Espinoza alleges that Jaydee is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, Health & Safety Code § 25249.6, et seq. (“Proposition 65”).

1.2 General Allegations. Espinoza alleges that Jaydee has exposed individuals to di(2-ethylhexyl) phthalate (DEHP) from its sales of Enguard orange PVC reflective safety vest, UPC # 810210022439 without first providing users and consumers of the product with a clear and reasonable health hazard exposure warning as required pursuant to Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause cancer and birth defects or other reproductive harm.

1.3 Product Description. The products covered by this Settlement Agreement are Enguard orange PVC reflective safety vest, UPC # 810210022439 (the “Products”) that have been imported, distributed, offered for sale and/or sold in California by Jaydee that Espinoza alleges expose users to DEHP.

1.4 Notice of Violation. On May 27, 2026, Espinoza served Walmart Inc. (“Walmart”), Jaydee, and various public enforcement agencies with a document entitled “Notice of Violation of California Health & Safety Code § 25249.6, et seq.” (the “Notice”). The Notice provided Jaydee and such others, including public enforcers, with notice that alleged that Jaydee was in violation of California Health & Safety Code § 25249.6, for failing to warn California consumers and customers that use of the Products will expose them to DEHP. Espinoza represents and warrants that (a) to his knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice; and (b) he has fully complied with the notice, service, and certificate of merit

requirements of Health & Safety Code § 25249.7(d) and Title 11, California Code of Regulations, § 3100 et seq.

1.5 No Admission. Jaydee denies the material factual and legal allegations contained in the Notice and maintains that, to the best of its knowledge, all products that are or have been sold and distributed in California, including the Products, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Jaydee 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 Jaydee of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Jaydee. Nothing in this Settlement Agreement, and no action taken by Jaydee or any Releasee (as defined in § 5.1) pursuant to it — including any reformulation, testing, labeling, or warning undertaken pursuant to § 2 — shall be construed as, or offered or received in evidence as, an admission or concession of any fact, fault, liability, wrongdoing, defect, or violation of law by Jaydee or any Releasee, or as evidence of the feasibility of precautionary measures within the meaning of California Evidence Code § 1151, in this or in any other action or proceeding brought by any person or entity, including without limitation any other private party, class action claimant, or public enforcement agency. This Settlement Agreement is an offer of compromise within the meaning of California Evidence Code §§ 1152 and 1154 and Rule 408 of the Federal Rules of Evidence, and it, together with all negotiations, communications, statements, and documents exchanged in connection with it, shall be inadmissible for any purpose in any action or proceeding other than one to enforce its terms. Espinoza and his counsel shall not state or imply, in any public statement, report, filing, or submission, including without limitation any report submitted under Health & Safety Code § 25249.7(f), that this Settlement Agreement constitutes or reflects any finding, admission, or concession of a violation of law by Jaydee or any Releasee. However, this § 1.5 shall not, as between the Parties, diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement. Notwithstanding the allegations in the Notice, Jaydee maintains that it has not knowingly manufactured, or caused to be manufactured, the Products for sale in California in violation of Proposition 65.

1.6 Effective Date. For purposes of this Settlement Agreement, the term “Effective Date” shall mean the date this Agreement is last executed by the Parties.

2. INJUNCTIVE RELIEF: REFORMULATION AND/OR WARNINGS

2.1 Reformulation of Products. Commencing within ninety (90) days after the Effective Date (the “Compliance Date”), and continuing thereafter, Products that Jaydee directly manufactures, imports, distributes, sells, or offers for sale in California shall either be: (a) reformulated Products pursuant to § 2.2, below; or (b) labeled with a clear and reasonable exposure warning pursuant to §§ 2.3 and 2.4, below. For purposes of this Settlement Agreement, a “Reformulated Product” is a Product that is in compliance with the standard set forth in § 2.2, below. The warning requirement set forth in §§ 2.3 and 2.4 shall not apply to any Reformulated Product. The obligations set forth in this § 2 apply only to Products manufactured or imported by Jaydee on or after the Compliance Date. Nothing in this Settlement Agreement shall require Jaydee to recall, retrieve, relabel, repurchase, destroy, or take any other action with respect to Products manufactured, imported, or shipped before the Compliance Date, all of which may be sold through by Jaydee and by any distributor, retailer, customer, or other downstream entity without restriction.

2.2 Reformulation Standard. “Reformulated Products” shall mean Products that contain concentrations less than or equal to 0.1% (1,000 parts per million (ppm)) of DEHP when analyzed pursuant to U.S. Environmental Protection Agency testing methodologies 3580A and 8270C or other methodology utilized by federal or state government agencies for the purpose of determining the phthalate content in a solid substance. Jaydee may rely in good faith on a certificate of compliance, test report, or similar documentation obtained from its supplier, manufacturer, or an independent third-party laboratory, and such good-faith reliance shall constitute compliance with this § 2.2 absent evidence that Jaydee had actual knowledge that such documentation was false.

2.3 Clear and Reasonable Warning. Commencing on the Compliance Date, and continuing thereafter, a clear and reasonable exposure warning as set forth in this §§ 2.3 and 2.4 must be provided for all Products that Jaydee manufactures, imports, distributes, sells, or offers for sale in California that is not a Reformulated Product. There shall be no obligation for Jaydee to provide an

exposure warning for Products that entered the stream of commerce wbefore the Compliance Date. The warning shall consist of either the **Warning** or **Alternative Warning** described in §§ 2.3(a) or (b), respectively:

(a) **Warning.** The “Warning” shall consist of the statement:

 **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.

(b) **Alternative Warning:** Jaydee may, but is not required to, use the alternative short-form warning as set forth in this § 2.3(b) (“**Alternative Warning**”) as follows:

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

2.4 A **Warning** or **Alternative Warning** provided pursuant to § 2.3 must print the word “**WARNING:**” in all capital letters and in bold font, followed by a colon. 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 sign or label for the Products does not use the color yellow, the symbol may be in black and white. The symbol must be in a size no smaller than the height of the word “**WARNING:**”. The **Warning** or **Alternative Warning** shall be affixed to or printed on the Products’ packaging or labeling, or on a placard, shelf tag, sign or electronic device or automatic process only if such electronic device or automatic process provides the **Warning** or **Alternative Warning** without the purchaser having to seek it out, provided that the **Warning** or **Alternative Warning** is displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use. A **Warning** or **Alternative Warning** provided via an electronic device or automatic process does not apply to internet purchases, which are subject to the provisions of Section 25602(b). The **Warning** or **Alternative Warning** may be contained in the same section of the packaging, labeling, or instruction booklet that states other safety warnings, if any, concerning the use of the Product and shall be at least the same size as those other safety warnings. 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 foreign language, Jaydee shall provide the

Warning or **Alternative Warning** in the foreign language in accordance with applicable warning regulations adopted by the State of California's Office of Environmental Health Hazard Assessment ("OEHHA"). An **Alternative Warning** on a Product manufactured and labeled after January 1, 2028 shall be provided in accordance with Title 27, California Code of Regulations, § 25603(b).

In addition to affixing the **Warning** or **Alternative Warning** to the Product's packaging or labeling, the **Warning** or **Alternative Warning** shall be posted on websites where Jaydee offers Products for sale to consumers in California. The requirements of this Section shall be satisfied if the **Warning** or **Alternative Warning**, or a clearly marked hyperlink using the word "**WARNING**," appears on the product display page, or by otherwise prominently displaying the warning to the purchaser prior to completing the purchase. To comply with this Section, Jaydee shall (a) post the **Warning** or **Alternative Warning** on its own website and, if it has the ability to do so, on the websites of its third-party internet sellers; and (b) if it does not have the ability to post the **Warning** or **Alternative Warning** on the websites of its third-party internet sellers, provide such sellers with written notice in accordance with Title 27, California Code of Regulations, Section 25600.2. Jaydee's obligation under this § 2.4 with respect to third-party internet sellers is limited to providing the written notice described in subsection (b) above, and Jaydee shall have no liability under this Settlement Agreement arising from any third-party internet seller's failure to post a warning after such notice has been provided.

2.5 Compliance with Warning Regulations. The Parties agree that Jaydee shall be deemed to be in compliance with this Settlement Agreement by either adhering to § 2 of this Settlement Agreement or by complying with warning regulations adopted by the State of California's OEHHA applicable to the Product and the exposures at issue. In addition, Jaydee's obligations under this § 2 shall terminate, without further action by either Party, if at any time (a) DEHP is no longer listed under Proposition 65 as a chemical known to the State of California to cause cancer or reproductive toxicity; (b) OEHHA adopts, or a court of competent jurisdiction establishes, a No Significant Risk Level, Maximum Allowable Dose Level, or other safe harbor level for DEHP, and exposures to DEHP from use of the Products do not exceed that level; (c) a warning is no longer required for the Products under Proposition 65 or its implementing regulations; or (d) Proposition 65

is repealed, preempted, or held invalid or unenforceable as applied to the Products. Jaydee shall provide Espinoza with written notice of any termination under this § 2.5.

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, Jaydee shall pay \$500.00 as a Civil Penalty in accordance with this Section. The Civil Penalty payment shall be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) and (d), with 75% of the Penalty remitted to OEHHA and the remaining 25% of the Penalty remitted to Espinoza. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below. For all amounts due and owing that are not received within the payment times set forth below and that remain unpaid ten (10) business days after Espinoza provides Jaydee with written notice of non-payment, Jaydee shall pay a late payment fee equal to \$50 per day, not to exceed \$1,000 in the aggregate, to be allocated in accordance with California Health & Safety Code § 25249.12(c)(1) and (d).

3.1 Civil Penalty. Within thirty (30) days of (a) the Effective Date or (b) Jaydee's receipt of the completed IRS Form W-9 and payee information required under § 3.2(c), Jaydee shall issue two (2) separate checks for the Civil Penalty payment to (a) "OEHHA" in the amount of \$375.00; and to (b) "Gabriel Espinoza" in the amount of \$125.00. The Civil Penalty payment(s) shall be delivered to the addresses identified in § 3.2, below.

3.2 Payment Procedures.

(a) Issuance of Payments. Payments shall be delivered as follows:

(i) All payments owed to Espinoza, pursuant to § 3.1 shall be delivered to the following payment address:

Evan J. Smith, Esquire
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004

(ii) All payments owed to OEHHA (EIN: 68-0284486), pursuant to § 3.1 shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") 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

(b) **Copy of Payments to OEHHA.** Jaydee agrees to provide Espinoza's counsel with a copy of the checks payable to OEHHA, simultaneous with its penalty payments to Espinoza, to be delivered to the address provided in § 3.2(a)(i), as proof of payment to OEHHA.

(c) **Tax Documentation.** Jaydee agrees to provide a completed IRS 1099 for its payments to, and Espinoza agrees to provide IRS W-9 forms for, each of the following payees under this Settlement Agreement:

(i) "Gabriel Espinoza" whose address and tax identification number shall be provided within five (5) days after this Settlement Agreement is fully executed by the Parties;

(ii) "Brodsky Smith" (EIN: 23-2971061) at the address provided in Section 3.2(a)(i); and

(iii) "Office of Environmental Health Hazard Assessment" 1001 I Street, Sacramento, CA 95814.

4. **REIMBURSEMENT OF FEES AND COSTS**

The Parties acknowledge that Espinoza and his counsel offered to reach preliminary agreement on the material terms of this dispute before reaching terms on the amount of fees and costs to be reimbursed to them. The Parties thereafter reached an accord on the compensation due to

Espinoza and his counsel under general contract principles and the private attorney general doctrine and principles codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Under these legal principles, Jaydee shall reimburse Espinoza's counsel \$4,500.00 for fees and costs incurred as a result of investigating and bringing this matter to the attention of Jaydee, and negotiating a settlement in the public interest. Payment pursuant to this Section is as follows:

Within thirty (30) days of (a) the Effective Date or (b) Jaydee's receipt of the completed IRS Form W-9 and payee information required under § 3.2(c), Jaydee shall issue five (5) settlement checks payable to "Brodsky Smith" for delivery to the address identified in § 3.2(a)(i), above. Each settlement check shall be dated for deposit on the 15th of each month beginning with September 15, 2026. The September 20, 2026 settlement check shall be in the amount of \$500.00. The remaining five (4) settlement checks shall be in the amount of \$1,000.00 each beginning with October 20, 2026. The final settlement check of \$1,000.00 shall be dated for deposit on January 20, 2027. Total payment pursuant to this Section shall equal \$4,500.00. At Jaydee's election, Jaydee may make any payment under this § 4 by wire transfer or ACH on the applicable date to an account designated in writing by Brodsky Smith, in lieu of issuing a check.

5. RELEASE OF ALL CLAIMS

5.1 Release of Jaydee and Downstream Customers and Entities. This Settlement Agreement is a full, final and binding resolution between Espinoza, acting on his own behalf, and Jaydee, of any violation of Proposition 65 that was or could have been asserted by Espinoza or on behalf of his past and current agents, representatives, attorneys, successors, and/or assigns ("Releasers") for failure to provide warnings for alleged exposures to DEHP from use of the Products, and Releasers hereby release any such claims against Jaydee and its parents, subsidiaries, affiliated entities, shareholders, marketplaces, directors, officers, agents, employees, attorneys, successors and assignees, and each entity to whom Jaydee directly or indirectly distributes or sells the Products, including but not limited to, downstream distributors, wholesalers, customers, retailers, including but not limited to Walmart Inc., and its respective subsidiaries, affiliates and parents, franchisees,

cooperative members and licensees (collectively, the “Releasees”), from all claims for violations of Proposition 65 through the Compliance Date based on exposure to DEHP from use of the Products.

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to §§ 3 and 4 above, Espinoza, on behalf of himself, his past and current agents, representatives, attorneys, successors and/or assignees, hereby covenants not to sue and waives any right to institute, participate in, directly or indirectly, any form of legal action and releases all claims that he may have, including without limitation, all actions and causes of action in law and in equity, all obligations, expenses (including without limitation all attorneys’ fees, expert fees, and investigation fees, and costs), damages, losses, liabilities and demands against any of the Releasees of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of the alleged or actual exposure to DEHP from use of the Products.

5.2 Jaydee’s Release of Espinoza. Jaydee, on behalf of itself, its past and current agents, representatives, attorneys, successors and/or assignees, hereby waives any and all claims against Espinoza, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Espinoza and/or his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter or with respect to exposure to DEHP from use of the Products; provided, however, that this waiver does not extend to any claim arising out of a breach of this Settlement Agreement by Espinoza or his attorneys or other representatives.

5.3 California Civil Code § 1542. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Products will develop or be discovered. Espinoza on behalf of himself only, on one hand, and Jaydee, on the other hand, acknowledge that this Agreement is expressly intended to cover and include all such claims up through the Compliance Date, including all rights of action therefor. The Parties acknowledge that the claims released in §§ 5.1 and 5.2, above, may include unknown claims, and nevertheless waive California Civil Code § 1542 as to any such unknown claims. California Civil Code § 1542 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.

Espinoza and Jaydee each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5.4 Deemed Compliance with Proposition 65. The Parties agree that compliance by Jaydee with this Settlement Agreement constitutes compliance by Jaydee and by each Releasee with Proposition 65 with respect to exposure to DEHP from use of the Products. .

5.5. Public Benefit. It is Jaydee's understanding that the commitments it has agreed to herein, and actions to be taken by Jaydee under this Settlement Agreement, would confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of Jaydee that to the extent any other private party initiates an action alleging a violation of Proposition 65 with respect to Jaydee's failure to provide a warning concerning exposure to DEHP prior to use of the Products 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 those Products addressed in this Settlement Agreement, provided that Jaydee is in material compliance with this Settlement Agreement.

5.6 Representations of Espinoza. Espinoza represents and warrants that (a) he has not assigned, transferred, or otherwise conveyed any claim released under this Settlement Agreement; (b) he has full authority to enter into this Settlement Agreement and to grant the releases set forth herein; and (c) he has not served, and is not aware of any person acting in concert with him who has served, any other notice of violation against Jaydee or any Releasee concerning the Products.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are deemed by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected but only to the extent the deletion of the provision

deemed unenforceable does not materially affect, or otherwise result in the effect of the Settlement Agreement being contrary to the intent of the Parties in entering into this Settlement Agreement.

7. GOVERNING LAW AND DISPUTE RESOLUTION

The terms of this Settlement Agreement shall be governed by the law of the State of California and apply within the State of California.

Before initiating any action or proceeding alleging a breach of this Settlement Agreement, the complaining Party shall provide the other Party with written notice describing the alleged breach in reasonable detail. The receiving Party shall have thirty (30) days from receipt of such notice to cure the alleged breach, during which period the Parties shall meet and confer in good faith. No action or proceeding alleging breach of this Settlement Agreement may be commenced, and no attorneys' fees or costs relating to such alleged breach may be sought, unless the alleged breach remains uncured at the end of that period.

In any action to enforce this Settlement Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs.

8. CHARACTERIZATION OF SETTLEMENT

Except as required by Health & Safety Code § 25249.7(f) or other applicable law, or as reasonably necessary to enforce this Settlement Agreement, Espinoza and his counsel shall not issue any press release or make any public statement identifying Jaydee, the Products, or any Releasee in connection with the Notice or this Settlement Agreement. Espinoza and his counsel shall not disparage Jaydee, the Products, or any Releasee, and Jaydee shall not disparage Espinoza or his counsel. For purposes of this paragraph, "disparage" means a statement concerning the safety of the Products or Jaydee's compliance with Proposition 65 that the speaker knows to be false or misleading. Consistent with § 1.5, Espinoza and his counsel shall not state or imply that this Settlement Agreement constitutes or reflects any finding, admission, or concession of a violation of law by Jaydee or any Releasee. Nothing in this paragraph shall prevent either Party or its counsel from making any submission

required by law, from responding truthfully to a subpoena or court order, or from communicating with any governmental agency.

9. 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) electronic mail; or (ii) overnight or two-day courier on any party by the other party to the following addresses:

For Jaydee:

Evan Mizrahi
Mizrahi & Louzon, PLLC
2020 McDonald Ave., Fl. 2
Brooklyn, NY 11223
evan@mizlegal.com

For Espinoza:

Evan J. Smith
Brodsky Smith
Two Bala Plaza, Suite 805
Bala Cynwyd, PA 19004
esmith@brodskysmith.com

Either 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.

10. COUNTERPARTS: SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or .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 transmitted electronically, including signatures executed through an electronic signature service, shall be valid and binding to the same extent as original signatures.

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

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

12. MODIFICATION

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

13. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement 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.

14. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained of this Settlement Agreement.

AGREED TO:

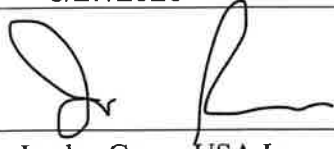
AGREED TO:

Date: _____

Date: 8/27/2026

By: _____

Gabriel Espinoza

By:  _____

Jaydee Group USA Inc.

12. **MODIFICATION**

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

13. **ENTIRE AGREEMENT**

This Settlement Agreement contains the sole and entire agreement 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.

14. **AUTHORIZATION**

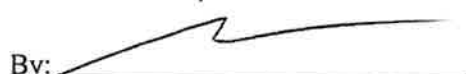
The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: 8 | 27 | 26

Date: _____

By: 
Gabriel Espinoza

By: _____
Jaydee Group USA Inc.