CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement (the "Agreement") is hereby entered into by Capstone Logistics, LLC ("Capstone" or "Defendant") on the one hand, and Corey J. Devine ("Devine"), Jermaine Willis ("Willis"), Ivan Escobar ("Escobar"), Sheri King ("King"), and Andrea Otanez Verdugo ("Verdugo") (collectively "Plaintiffs"), on the other hand, for themselves and on behalf of the Settlement Class (as defined below), the PAGA Representative Group (as defined below), and the State of California. Capstone and Plaintiffs are collectively the "Parties." The Parties have agreed to settle all pending litigation and arbitration proceedings between them as follows:

I. DEFINITIONS

As used in this Settlement, the following terms shall have the following meanings:

A. "Actions" means the Devine PAGA Action, the Devine Arbitration, the Escobar Action, the Verdugo Class and PAGA Action, the Verdugo Arbitration, and the Tuolumne Proceedings.

B. "Administrator" or "Settlement Administrator" means Phoenix Class Action Administration Solutions ("Phoenix"), the neutral entity the Parties have agreed to appoint to administer the Settlement.

C. "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount, subject to approval by the Court, to reimburse its reasonable fees and expenses.

D. "Class Counsel" means Taras Kick and Tyler Dosaj of The Kick Law Firm, APC; and Larry Lee and Kristen Agnew of Diversity Law Group.

E. "Class Counsel Fees Payment" and "Class Counsel Litigation Expenses Payment" mean the amounts to be paid to Class Counsel for fees and costs, respectively, as and to the extent approved by the Court.

F. "Class Data" means the following information for each Settlement Class Member: name, last-known phone number, last-known residence mailing address, Social Security number, number of Workweeks and PAGA Pay Periods, as compiled by Defendant based on its payroll records.

G. "Class Member Address Search" means the Administrator's investigation and search for Settlement Class Members using the National Change of Address database.

H. "Class Notice" means the Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval, to be mailed to Class Members in the form, without material variation, attached as Exhibit A to this Agreement.

I. "Class Period" means the period from August 1, 2019, through and including July 25, 2025.

J. "Class Representatives" means Willis, Devine, Escobar, King, and Verdugo, who are the named Plaintiffs in the Actions and who are seeking Court approval to serve as Class Representatives.

K. "Court" means the Superior Court of California, County of Tuolumne.

L. "Defendant" means Capstone Logistics, LLC.

M. "Defense Counsel" means Gerald L. Maatman, Jr., Jennifer A. Riley, and Jim Brown of Duane Morris, LLP.

N. "Devine PAGA Action" means *Devine v. Capstone Logistics, LLC,* No. 20STCV39030, Los Angeles Superior Court.

O. "Devine Arbitration" means the arbitration initiated by Devine following the grant of the motion to compel arbitration in the Devine PAGA Action.

P. "Effective Date" means the later of 30 days after: (1) the Court's final approval of the Settlement Agreement, if no objections have been lodged; (2) if an objection has been lodged, the time for an appeal has expired without the filing of any appeal; or (3) the final resolution of any appeal, writ, or challenge to the Settlement that has been lodged upholding the Settlement.

Q. "Escobar Action" means *Escobar v. Capstone Logistics, LLC*, No. STK-CV-UOE-2020-0009429, San Joaquin Superior Court.

R. "Final Approval" means entry of the Court's order granting final approval of the Settlement and entering judgment in accordance with the terms of this Agreement.

S. "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement to determine whether to finally approve and implement the terms of this Agreement, grant final approval, and enter the Final Approval Order and Final Judgment.

T. "Gross Settlement Amount" means Five Million Nine Hundred and Fifty Thousand Dollars ($5,950,000), which is the maximum total amount to be paid by Defendant in connection with this Agreement. The Gross Settlement Amount will be used to pay all Participating Class Member Payments, the PAGA Settlement Payment, Service Awards, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Administration Expenses Payment.

U. "Individual PAGA Payment" means the portion of the PAGA Settlement Payment allocated to an individual member of the PAGA Representative Group pursuant to paragraph IV.B herein.

V. "LWDA" refers to the California Labor & Workforce Development Agency.

W. "LWDA Notices" means the Devine LWDA Notice, Escobar LWDA Notice and Verdugo LWDA Notice.

X. "LWDA PAGA Payment" means the sixty-five percent (65%) of the PAGA Settlement Payment to be paid to the LWDA in accordance with Labor Code section 2699, subd. (i).

Y. "Net Settlement Fund" means the amount of monies remaining from the Gross Settlement Amount after deducting the Court-approved Service Awards, PAGA Settlement Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Administration Expenses Payment.

Z. "Non-Participating Class Member" means a Settlement Class Member who opts out of the Settlement by submitting a valid and timely Request for Exclusion to the Administrator.

AA. "PAGA" refers to the Labor Code Private Attorneys General Act of 2004, California Labor Code Sections 2698, *et seq*.

BB. "PAGA Pay Period" means any pay period during the Class Period in which a Settlement Class Member worked for Defendant as a non-exempt employee for at least one day.

CC. "PAGA Representative Group" means all current and former employees who worked for Capstone within the State of California in a non-exempt position at any time from August 1, 2019, through July 25, 2025.

DD. "PAGA Settlement Payment" means Two Hundred Fifty Thousand Dollars ($250,000), which is the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, sixty-five percent (65%) of which is payable to the LWDA ($162,500), and thirty-five percent (35%) of which shall be allocated to the PAGA Representative Group ($87,500) in accordance with Paragraph IV.B.

EE. "Participating Class Member" means Settlement Class Members who do not submit a valid and timely Request for Exclusion.

FF. "Participating Class Member Payment" means payments from the Net Settlement Fund to Participating Class Members as described in Paragraph IV.B herein.

GG. "Plaintiffs" collectively refers to Willis, Devine, Escobar, King, and Verdugo, the named Plaintiffs in the Actions.

HH. "Parties" collectively refers to Plaintiffs and Defendant.

II. "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval of the Settlement.

JJ. "Released Class Claims" means any and all claims, known or unknown, that were asserted in any and/or all of the LWDA Notices or complaints in the Actions, or that could have been asserted in any and/or all of the LWDA Notices or complaints in the Actions based on the facts and allegations alleged in any complaint or LWDA Notice in the Actions. The Released Class Claims are expressly limited to claims arising during the Class Period, and no claims outside the Class Period are released by this Agreement. The Released Class Claims include but are not limited to all claims that were asserted in the Actions, whether or not specifically delineated as a claim or cause of action in the Actions, including claims for unpaid wages, including failure to pay minimum wages, straight time compensation, overtime compensation, double-time compensation; the calculation of the regular rate of pay; reimbursement for business expenses; payment for all hours worked, including off-the-clock work; inaccurate or incomplete wage statements; improper or unauthorized deductions; failure to keep accurate records; unfair business practices; failure to provide meal periods or rest breaks; unpaid meal period or rest break premiums; failure to timely pay wages due during or at separation of employment; penalties, including, but not limited to, recordkeeping penalties, wage statement penalties, minimum-wage penalties, and waiting-time penalties; and interest, attorneys' fees, and costs. The Released Class Claims include but are not limited to claims arising under the California Labor Code including, but not limited to, sections 200-206, 201, 201.1, 201.3, 201.5, 202, 203, 204, 204b, 204.1, 204.2, 205.5, 206, 210, 216, 218, 218.5, 218.6, 221, 222, 222.5, 223, 224, 225, 225.5, 226, 226.3, 226.7, 226.8, 227.3, 256, 450, 510, 511, 512, 516, 550, 551, 552, 558, 1174, 1174.5, 1182, 1182.12, 1194, 1194.2, 1197, 1197.1, 1197.2, 1198, 2698 et seq., 2699 et seq., 2800, 2802 et seq., 2810, 2810.3, the Wage Orders of the California Industrial Welfare Commission, including but not limited to IWC Wage Order Nos. 4, 5 and 9 (Cal. Code Regs., tit. 8, § 11050), the California Private Attorneys General Act of 2004 ("PAGA"), the California Business and Professions Code section 17200, et seq., 12 CCR § 11040, 8 CCR § 11060, and the California common law.

KK. "Released PAGA Claims" means any and all claims, known or unknown, that were asserted in any and/or all of the LWDA Notices or complaints in the Actions, or that could have been asserted in any and/or all of the LWDA Notices or complaints in the Actions based on the facts and allegations alleged in any complaint or LWDA Notice in the Actions. The Released PAGA Claims are expressly limited to claims arising during the Class Period, and no claims outside the Class Period are released by this Agreement. The Released PAGA Claims include but are not limited to all claims that were asserted in the Actions, whether or not specifically delineated as a claim or cause of action in the Actions, including claims for civil penalties relating to, based upon, or arising out of the Released Parties' alleged failure to properly pay all wages due, provide minimum wages, straight time compensation, overtime compensation, or double-time compensation; failure to properly calculate the regular rate of pay; failure to reimburse business expenses; failure to pay for all hours worked, including off-the-clock work; failure to issue accurate or complete wage statements; alleged improper or unauthorized deductions; failure to keep accurate records; failure to provide meal periods or rest breaks; unpaid meal period or rest break premiums; failure to timely pay wages due during or at separation of employment; claims for penalties, including, but not limited to, recordkeeping penalties, wage statement penalties, minimum-wage penalties, and waiting-time penalties; and claims for interest, attorneys' fees, and costs. The Released PAGA Claims include but are not limited to claims arising under the California Labor Code including, but not limited to, sections 200-206, 201, 201.1, 201.3, 201.5, 202, 203, 204, 204b, 204.1, and 204.2, 205.5, 206, 210, 216, 218, 218.5, 218.6, 221, 222, 222.5, 223, 224, 225, 225.5, 226, 226.3, 226.7, 226.8, 227.3, 256, 450, 510, 511, 512, 516, 550, 551, 552, 558, 1174, 1174.5, 1182, 1182.12, 1194, 1194.2, 1197, 1197.1, 1197.2, 1198, 1199, 1193.6, 2698 et seq., 2699 et seq., 2800, 2802 et seq., 2810, 2810.3, the Wage Orders of the California Industrial Welfare Commission, including but not limited to IWC Wage Order Nos. 4, 5 and 9 (Cal. Code Regs., tit. 8, § 11050), the California Private Attorneys General Act of 2004 ("PAGA"), 12 CCR § 11040, 8 CCR § 11060, and the California common law.

LL. "Released Parties" shall mean Capstone Logistics, LLC and any of its parents, subsidiaries, affiliates, customers, business partners, predecessors or successors, and all agents, employees, officers, directors, and attorneys thereof.

MM. "Request for Exclusion" means a Settlement Class Member's timely and valid submission of a written request to be excluded from the Settlement, signed by the Class Member, as provided in this Agreement.

NN. "Response Deadline" means the last date on which Settlement Class Members may: (a) submit Requests for Exclusion from the Settlement; or (b) submit an Objection to the Settlement. Class Members to whom the Class Notice is re-sent after having been returned undeliverable to the Administrator shall have their Response Deadline extended an additional fourteen (14) days beyond the thirty (30) days otherwise provided in the Class Notice.

OO. "Service Award" means a payment, as and to the extent approved by the Court, that the Plaintiffs are to be paid for their time and effort spent conferring with Class Counsel, pursuing the Actions, and in recovering wages on behalf of the Settlement Class Members.

PP. "Settlement" means the resolution of the Actions effected by this Agreement and the final judgment entered by the Court.

QQ. "Settlement Class" means all current or former employees who worked for Capstone within the State of California in a non-exempt position at any time from August 1, 2019, through and including July 25, 2025.

RR. "Settlement Class Member" means any current or former employee who worked for Capstone within the State of California in a non-exempt position at any time from August 1, 2019, through and including July 25, 2025.

SS. "Tuolumne Proceedings" means *Verdugo v. Capstone Logistics LLC*, No. CV66120, Tuolumne County Superior Court.

TT. "Verdugo Arbitration" means the arbitration initiated between Verdugo and Capstone following the Central District of California's grant of the motion to compel arbitration in the Verdugo Class and PAGA Action.

UU. "Verdugo Class and PAGA Action" means *Verdugo, et al. v. Capstone Logistics, LLC, et al.*, Case No. 2:22-cv-03141-FMO-E, Central District of California.

VV. "Workweek" means any workweek during the Class Period in which a Settlement Class Member worked for Defendant as a non-exempt employee for at least one day.

II. RECITALS

WHEREAS, on August 4, 2020, Devine filed a notice with the California Labor and Workforce Development Agency ("LWDA"), informing the LWDA of his alleged individual claims under the California Labor Code ("Labor Code"), including for alleged unpaid minimum and overtime wages, meal and rest break violations, inaccurate wage statements, unpaid business expenses, failure to timely pay all wages during employment and at separation of employment, and for unlawful deductions from wages, and stating his desire to represent all current and former non-exempt employees who worked for Capstone within the State of California pursuant to the California Private Attorneys General Act ("PAGA") (the "Devine LWDA Notice");

WHEREAS, on October 9, 2020, Devine filed a PAGA representative action in Los Angeles Superior Court against Capstone, entitled *Devine, et al. v. Capstone Logistics, LLC, et al.*, Case No. 20STCV39030, seeking civil penalties on the following theories of liability: (1) failure to provide meal breaks; (2) failure to authorize and permit rest breaks; (3) failure to pay overtime; (4) failure to pay minimum wages; (5) failure to timely pay wages; (6) failure to timely pay wages at separation of employment; (7) provision of inaccurate wage statements; (8) failure to reimburse business expenses; and (9) unlawful deductions from wages;

WHEREAS, on January 19, 2023, the Devine Court granted Capstone's motion to compel arbitration, and Devine thereafter initiated an arbitration proceeding. A hearing was then held, and, on January 3, 2025, the arbitrator issued a Final Award rejecting some and accepting one of Devine's individual claims. Capstone's motion to vacate the arbitrator's Final Award is currently pending with the Los Angeles Superior Court in the Devine PAGA Action;

WHEREAS, on October 30, 2020, Escobar filed a notice with the LWDA, informing the LWDA of his alleged individual claims under the Labor Code for inaccurate wage statements and stating his desire to represent all current and former non-exempt employees who worked for Capstone within the State of California pursuant to PAGA (the "Escobar LWDA Notice");

WHEREAS, on November 9, 2020, Escobar filed a putative class and PAGA representative action in San Joaquin Superior Court against Capstone, entitled *Escobar, et al. v. Capstone Logistics, LLC, et al.*, Case No. STK-CV-UOE-2020-0009429, seeking damages and civil penalties, and then filed a First Amended Complaint and then a Second Amended Complaint alleging a PAGA representative action seeking civil penalties for the alleged provision of inaccurate wage statements;

WHEREAS, in 2022, Verdugo filed a notice with the LWDA, informing the LWDA of his alleged individual claims under the Labor Code for alleged unpaid minimum and overtime wages, meal and rest break violations, inaccurate wage statements, unpaid business expenses, failure to timely pay all wages during employment and at separation of employment, and for unlawful deductions from wages, and stating his desire to represent all current and former non-exempt employees who worked for Capstone within the State of California pursuant to PAGA (the "Verdugo LWDA Notice");

WHEREAS, on March 15, 2022, Verdugo filed a putative class and PAGA representative action Complaint in Los Angeles Superior Court against Capstone, and the case was then removed to the U.S. District Court for the Central District of California and is entitled *Verdugo, et al. v. Capstone Logistics, LLC, et al.*, Case No. 2:22-cv-03141-FMO-E. A First Amended Class And PAGA Representative Action Complaint was filed on November 23, 2022, alleging putative class claims under the Labor Code for: (1) failure to provide meal breaks; (2) failure to authorize and permit rest breaks; (3) failure to pay for all hours worked; (4) failure to pay overtime wages; (5) provision of inaccurate wage statements; (6) failure to timely pay wages; (7) failure to timely pay wages at separation of employment; (8) unlawful deductions from wages; (9) failure to maintain payroll records; and (10) failure to reimburse business expenses. Verdugo asserted an eleventh cause of action for alleged violation of Business & Professions Code section 17200 et seq., and a twelfth cause of action under PAGA;

WHEREAS, the U.S. District Court for the Central District of California granted Capstone's motion to compel arbitration, and the Verdugo Class and PAGA Action was then dismissed and Judgment entered, and the matter and First Amended Complaint were then refiled in arbitration in the action entitled *Verdugo, et al. v. Capstone Logistics, LLC*. A settlement was then reached and a settlement agreement executed between Verdugo and Capstone (the "Verdugo Settlement Agreement"), and the Verdugo Settlement Agreement was then approved by an arbitrator. A motion to confirm that arbitration award was then granted by the Tuolumne County Superior Court in the case entitled *Verdugo v. Capstone Logistics, LLC*, Case No. CV66120E . Devine's motion to reconsider the order confirming the arbitration award is presently pending in the Tuolumne Proceedings, and a Motion to Intervene was granted, with complaints in Intervention filed by Willis and Devine, and a Complaint In Intervention also filed by King.

WHEREAS, the Parties have agreed to settle the Devine PAGA Representative Action, the Devine Arbitration, the Escobar Action, the Verdugo Class and PAGA Action, the Verdugo Arbitration Action, and the Tuolumne Proceedings.

NOW THEREFORE, to effectuate the purposes of this Agreement, the Parties agree that the Actions shall be settled and compromised subject to the terms and conditions set forth in this Agreement and the approval of the Court as follows:

III. NON-ADMISSION OF LIABILITY

A. Based on the factual and legal issues involved, the expense and time necessary to prosecute the Actions, the risks, uncertainty, and costs of further prosecution, the difficulty of proof necessary to establish class and PAGA representative actions for purposes of liability, and the relative benefits to the Settlement Class Members of an expeditious resolution of the Actions, the Parties have concluded that the terms set forth in this Settlement are fair, reasonable, adequate, and in the best interests of the Settlement Class Members.

B. By entering into this Settlement, Defendant denies any liability for any of the claims in the Actions, as well as any other potential or unknown claims based on wage and hour violations under state or federal law. Neither this Settlement, nor any document referred to or contemplated herein, nor any action taken to carry out this Settlement, is, may be construed as, or may be used as, an admission, concession, or indication by or against Defendant of any unlawful conduct, fault, wrongdoing or liability whatsoever. Defendant specifically denies engaging in any unlawful or wrongful conduct against Plaintiffs and Settlement Class Members. Rather, Defendant maintains that it complied with, at all times, all applicable laws governing wages and hours of work for its employees.

IV. MONETARY TERMS OF THE SETTLEMENT

A. Gross Settlement Amount: Defendant will pay Five Million Nine Hundred and Fifty Thousand Dollars ($5,950,000) in connection with this Settlement. Subject to the escalator clause terms and conditions of Paragraph V-A of this Agreement, this amount is the maximum total amount to be paid by Defendant in connection with this Agreement and is all-inclusive of all payments contemplated in this Settlement. Defendant shall separately pay employer-side payroll taxes owed on the portion of Participating Class Member Payments classified as wages as set forth herein. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Settlement Class Members to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

B. Payments from the Gross Settlement Amount: Subject to the terms and conditions of this Agreement, and subject to final approval by the Court, the Administrator will make the following payments out of the Gross Settlement Amount, in the amounts specified by the Court in its order granting Final Approval. The Settlement is not contingent on the payment of any of the following amounts. In other words, the Court's decision to award any of the following payments and the amount of those awards, if any, shall not affect the enforceability of the Settlement.

1. To Plaintiffs: Subject to approval by the Court, Plaintiffs shall receive Service Award payments from the Gross Settlement Amount as follows: Twenty-Five Thousand Dollars ($25,000) to Devine; Ten Thousand Dollars ($10,000) to Willis; Ten Thousand Dollars ($10,000) to King; Ten Thousand Dollars ($10,000) to Escobar; and Ten Thousand Dollars ($10,000) to Verdugo. The Service Awards shall be in addition to any Participating Class Member Payments and any Individual PAGA Payment the Class Representatives are entitled to receive as a Participating Class Member or member of the PAGA Representative Group. Defendant shall not oppose applications for Service Awards in these amounts consistent with applicable law, in consideration for each Plaintiff's service to the

case and each Plaintiff's provision of a general release of any and all claims, known or unknown, contingent or accrued, including a California Civil Code section 1542 waiver against the Released Parties, arising out of any act or event that occurred prior to the execution of the general release. To receive the Service Award, each Plaintiff must sign a separate settlement agreement and general release of all claims, and such agreement must be approved by the Court. The Plaintiffs, and each of them, agree to accept whatever Service Award the Court orders, even if it is less than the amount specified in this paragraph. If the Court approves Service Awards in an amount that is less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Fund. The Settlement Administrator will issue appropriate tax forms to the Plaintiffs reflecting the payments of their respective Service Awards. The Administrator will report any Service Award to Plaintiffs using an IRS Form 1099. Plaintiffs assume full responsibility and liability for any taxes owed on their respective Service Awards.

2. To Class Counsel: Subject to approval by the Court, Class Counsel shall receive a Class Counsel Fees Payment equal to one-third (33-1/3%) of the Gross Settlement Amount, which is currently estimated to be One Million Nine Hundred Eighty-Three Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents ($1,983,333.33) and a Class Counsel Litigation Expenses Payment for reimbursement of reasonable litigation costs, as approved by the Court. Defendant shall not oppose Plaintiffs' request for a Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, provided that they do not exceed these amounts, consistent with applicable law. The Administrator shall pay Court-approved fees and costs to Class Counsel from the Gross Settlement Amount ten (10) business days after the Effective Date. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Fund. Released Parties shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. This Settlement is not contingent on the award of Class Counsel Fees Payment or Class Counsel Litigation Expenses Payment. The Administrator will report the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment to Class Counsel using one or more IRS Form 1099. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division, taxation, or sharing of any of these payments.

3. To the Administrator: Subject to the Court's approval, the Settlement Administrator will receive an Administration Expenses Payment in an amount not to exceed Sixty-Five Thousand Nine Hundred and Fifty Dollars ($65,950) except for a showing of good cause and as approved by the Court. To the extent the Administrator's expenses are less or the Court approves payment less than $65,950, the Administrator will allocate the remainder to the Net Settlement

Fund. If the Court approves additional payment to the Administrator, the payment shall be made from the Gross Settlement Fund, and Defendant shall not be required to pay any additional funds as part of the Settlement.

4. PAGA Settlement Payment: The Settlement Administrator will pay the PAGA Settlement Payment in the amount of Two Hundred Fifty Thousand Dollars ($250,000) from the Gross Settlement Amount. Sixty-five percent (65%) of PAGA Settlement Payment ($162,500) is payable to the LWDA. The remaining thirty-five percent (35%) of the PAGA Settlement Payment ($87,500) shall be allocated to the PAGA Representative Group.

   The Administrator will calculate each Individual PAGA Payment by: (a) dividing the amount of the PAGA Representative Group's 35% share of PAGA Settlement Payment by the total number of PAGA Period Pay Periods worked by the PAGA Representative Group during the Class Period; and (b) multiplying the result by each PAGA Representative Group member's respective PAGA Period Pay Periods. PAGA Representative Group members assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

   The Administrator will report the Individual PAGA Payments on IRS Form 1099 as required

5. To Each Participating Class Member: The Net Settlement Fund shall be allocated among Participating Class Members. The Administrator will calculate each Participating Class Member Payment by: (a) dividing the Net Settlement Fund by the total number of Workweeks worked by Participating Class Members during the Class Period; and (b) multiplying the result by the number of Workweeks worked by each Participating Class Member during the Class Period.

   For tax purposes, a Participating Class Member Payment issued from the Net Settlement Fund shall be treated as follows: (1) 20% shall be treated as wages, subject to applicable withholdings, for which an IRS Form W-2 will be issued; and (2) 80% will be treated as non-wages, including penalties and interest, for which the Settlement Administrator will issue an IRS Form 1099.

V. SETTLEMENT FUNDING AND PAYMENTS

A. Defendant estimates that Settlement Class Members worked approximately 542,000 workweeks during the Class Period. If the final count of workweeks worked by Settlement Class Members during the Class Period, as determined at least seven days prior to the filing of the Motion for Preliminary Approval, exceeds this estimate by more than ten percent (10%), Capstone must elect to either increase the Gross Settlement Amount pro rata for each percentage of increased workweeks over ten percent (10%) or limit the time-period for the releases proportionally, at least 7 days prior to the filing of the Motion for Preliminary Approval. For example, if Settlement Class Members worked 623,300 workweeks during the Class Period, this would represent a 15% increase over the estimate of 542,000, and Capstone would need to either increase the Gross Settlement Amount by 5% or limit the time-period of the releases.

B. No later than fifteen (15) days after the Court grants Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. For clarity, Defendant at its discretion may provide payroll records from which the Administrator may calculate total Workweeks or PAGA Pay Periods in lieu of making that calculation. To protect Settlement Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Defendant and Administrator employees who need access to the Class Data to affect and perform their duties under this Agreement. The Class Data shall be provided confidentially to the Settlement Administrator only, and the Settlement Administrator shall treat the information as private and highly confidential and take all necessary precautions to maintain the confidentiality of Class Data. This information is to be used only to carry out the Settlement Administrator's duties as specified in this Settlement and shall not be shared with Class Counsel.

C. No later than fifteen (15) business days after the Effective Date, Defendant shall fund a Qualified Settlement Fund with the Gross Settlement Amount. Defendant shall separately pay the amounts owed for the employer-side payroll taxes associated with Participating Class Member Payments classified as wages.

D. Any amounts paid by Defendant, including those for Administration Expenses Payment, but not used by the Administrator to make payments required by this Agreement, including by way of example in the event that Final Approval is not granted (or is reversed on appeal), shall be returned to Defendant.

E. Within fifteen (15) business days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for Participating Class Member Payments, Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Service Awards in accordance with this Agreement.

F. The Administrator will issue checks for the Participating Class Member Payments and/or Individual PAGA Payments and send them to Settlement Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the "void date," which is one hundred and eighty (180) days after the date of mailing, when the check will be voided. Before checks are mailed, the Administrator shall update address information through the National Change of Address database. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks to all Participating Class Members to the most updated address available to the Administrator. The Administrator may send Participating Class Members a single check combining the Participating Class Member Payment and the Individual PAGA Payment.

G. The Administrator shall deduct and withhold the employee's share of any applicable payroll taxes from the portion of each Participating Class Member Payment allocated to wages. The Settlement Administrator shall not withhold any taxes from the Individual PAGA Payment.

H. The Administrator shall be responsible for deducting and withholding the employer's share of required taxes and for remitting all necessary taxes and withholdings to the appropriate governmental agencies. The Administrator shall determine the employer's share of payroll employment taxes on the Participating Class Member Payments and shall communicate such amount to Defendant with a detailed explanation of the calculations. The Administrator shall thereafter remit and report the applicable portions of the payroll tax payment to the appropriate taxing authorities on a timely basis. The Administrator will issue the appropriate tax reporting documentation within the same tax year that the Settlement is paid to the Settlement Class Members.

I. The Administrator must conduct a Class Member Address Search for all other Settlement Class Members whose checks are returned undelivered without a USPS forwarding address. Within seven (7) days of receiving a returned check, the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Settlement Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Settlement Class Member whose original check was lost or misplaced, requested by the Settlement Class Member prior to the void date.

J. For any check that is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks, subject to court approval, to Plaintiff's designee Public Citizen Foundation, a 501(c)(3) non-profit, within thirty (30) days after the issuance of the Final Report. If the court does not approve Public Citizen as the cy pres recipient in this matter, or another appropriate non-profit designated by Plaintiffs, then the funds represented by these uncashed and voided checks will go to the California Controller's Unclaimed Property Fund in the name of the Class Members.

VI. RELEASE OF CLAIMS

A. <u>Class Representatives' Waiver of Rights Under Civil Code Section 1542</u>: As of the date the Gross Settlement Amount is fully funded, Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences, including, but not limited to: any and all claims, known and unknown, asserted and not asserted, which the Plaintiff has or may have against the Released Parties as of such date ("Plaintiffs' Released Claims"). The Plaintiffs' Released Claims include, but are not limited to, all of the Released Class Claims, the Released PAGA Claims, and any other claims arising under the California Labor Code; any claim arising out of the California common law of contract; the Fair Labor Standards Act, 29 U.S.C. § 201 *et seq.*, and federal common law; all claims for lost wages and benefits, emotional distress, retaliation, punitive damages, and attorneys' fees and costs arising under federal, state, or local laws; all claims for discrimination, harassment, and wrongful termination, including but not limited to, 42 U.S.C. section 1981, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the California Fair Employment and Housing Act, the California Labor Code, and the law of contract and tort. This release excludes the release of claims not permitted by law. Plaintiffs' Released Claims does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, or workers' compensation benefits that arose at any time. Plaintiffs acknowledge that they may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Plaintiffs' release of the Released Claims shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them. For purposes of Plaintiffs' Released Claims, Plaintiffs expressly waive and relinquish the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

> **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.**

Plaintiffs represent and affirm that they do not have any pending court actions, arbitrations, or other legal proceedings against Defendant other than the Actions.

Class Counsel represent and affirm that they do not have any pending court actions, arbitrations, or other legal proceedings against Defendant other than the Actions.

B. Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all of the Released Class Claims and Released PAGA Claims.

C. Release of PAGA Claims: All members of the PAGA Representative Group and the LWDA are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all of the Released PAGA Claims.

VII. FILING OF THE CONSOLIDATED COMPLAINT

A. Consolidated Complaint: Prior to or concurrent with the filing of the motion for preliminary approval of the Settlement, the Parties will stipulate to the filing of a consolidated complaint in the Tuolumne Proceedings. The consolidated complaint will include all Plaintiffs, claims, and allegations raised in the Actions, and in any

PAGA letters or notices submitted by Plaintiffs to the LWDA. Plaintiffs shall present a draft consolidated complaint to Defendant for its review and approval, not to be unreasonably withheld, prior to filing. If the Court does not grant leave to file the consolidated complaint, the Parties will cooperate in an attempt to reach an alternative resolution to effectuate the settlement of this action. Defendant's stipulation to the filing of the consolidated complaint is for the purposes of this Settlement only. If this Settlement is not effectuated for any reason, the Parties further stipulate that the consolidated complaint will be void and the Parties will return their prior positions as if the consolidated complaint had not been filed.

VIII. MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT AND FOR APPROVAL OF PAGA SETTLEMENT

A. Motion for Preliminary Approval: Plaintiffs shall prepare and file a motion for preliminary approval of the class action and PAGA settlement that complies with the Court's procedures and instructions and this Agreement. The motion will be filed in Tuolumne County Superior Court. Plaintiffs shall present such proposed motion for preliminary approval to Defendant for its review at least seven days before it is filed, and within thirty (30) days of execution of this Agreement

B. Responsibilities of Counsel: Class Counsel is responsible for expeditiously finalizing and filing the Motion for Preliminary Approval not later than thirty (30) days after the full execution of this Agreement; obtaining the earliest available hearing date mutually convenient for Class Counsel and Defense Counsel for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

C. Duty to Cooperate: Defendant shall cooperate with Plaintiffs' efforts to obtain preliminary and final approval of the settlement and will provide data required by Plaintiffs for the analysis required by *Kullar v. Foot Locker Retail, Inc.,* 168 Cal. App. 4th 116 (2008), and the principles established therein. Based on records kept in the ordinary course of business, Defendant estimates that Settlement Class Members employed by Defendant worked approximately 542,000 Workweeks during the Class Period. Based on Section V.A. *supra*., pursuant to an escalator clause, if the count of workweeks by Settlement Class Members during the Class Period, calculated at least seven days prior to filing of the Motion for Preliminary Approval, exceeds this estimate by more than ten percent (10%), Capstone must elect to either increase the Gross Settlement Amount pro rata for each percentage of increased workweeks over ten percent (10%) or limit the time-period for the releases. Capstone must inform Class Counsel of its election at least seven days prior to the filing of the Motion for Preliminary Approval. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to attempt to reach agreement on modifications to this Agreement to satisfy the Court's concerns.

IX. SETTLEMENT ADMINISTRATION

A. Selection of the Administrator: The Parties have jointly selected Phoenix to serve as the Administrator and verified that, as a condition of appointment, Phoenix agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Administrator's duties will include preparing, printing, and mailing the Class Notice to all Settlement Class Members; conducting a National Change of Address search to update Settlement Class Members' addresses before mailing the Class Notice; re-mailing the Class Notices that are returned as undeliverable to the Settlement Class Member's new address; setting up or identifying a toll-free telephone number and email and a fax number to receive communications from Settlement Class Members; receiving and reviewing Requests for Exclusion to determine their validity in terms of their completeness and timeliness; providing the Parties with weekly status reports about the delivery of the Class Notice and receipt of Requests for Exclusion, objections, and disputes; providing copies of Requests for Exclusion and objections to Class Counsel and Defense Counsel; calculating Participating Class Member Payments and Individual PAGA Payments; issuing the checks to effectuate the payments due under the Settlement; issuing the tax reports required under this Agreement; calculating, withholding, remitting, and reporting each Participating Class Member's share of applicable payroll taxes (including, without limitation, federal state and local income tax withholding, FICA, Medicare, and any state or local employment taxes); satisfying all federal, state and local income and other tax reporting, return, and filing requirements with respect to the Qualified Settlement Fund; satisfy out of the Qualified Settlement Fund all taxes (including any estimated taxes, interest, or penalties) with respect to employer-side payroll taxes and taxes on the interest or other income earned by the Qualified Settlement Fund; satisfying any fees, expenses, and costs incurred in connection with the opening and administration of the Qualified Settlement Fund and the performance of its duties and function as described in this Settlement Agreement, which such fees, costs, and expenses shall be treated as and included in the costs of administering the Qualified Settlement Fund; and otherwise administering the Settlement pursuant to this Agreement. The Parties and their Counsel shall have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

B. Employer Identification Number: The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

C. Qualified Settlement Fund: The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund under US Treasury Regulation section 468B-1.

D. Notice to Class Members:

1. Using best efforts to perform as soon as possible, and in no event later than thirty (30) days after Defendant provides the Class Data to the Administrator, the Administrator will send to all Settlement Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice substantially in the form attached to this Agreement as Exhibit A. Before mailing Class Notices, the Administrator shall update Settlement Class Member addresses using the National Change of Address database.

2. Not later than seven (7) days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to any more current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Settlement Class Members whose Class Notice is returned by the USPS a second time.

3. The deadlines for Settlement Class Members' written objections and Requests for Exclusion will be extended an additional fourteen (14) days beyond the thirty (30) days otherwise provided in the Class Notice for all Settlement Class Members whose notice is re-mailed. The Administrator will inform the Settlement Class Member of the extended deadline with the re-mailed Class Notice.

4. If the Administrator, the Parties, Defense Counsel, or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties, with the Administrator, will review the information to determine whether it is appropriate to include them as Settlement Class Members. If such persons are determined to be Settlement Class Members, they will be entitled to the same rights as other Settlement Class Members, and the Administrator will send, via e-mail or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

E. Requests For Exclusion (Opt-Outs):

1. Settlement Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, e-mail, or mail, a signed written Request for Exclusion not later than thirty (30) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Settlement Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Settlement Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded by stating "I hereby request exclusion from the Capstone Class Settlement" and includes the Settlement Class Member's name, address, and email address or telephone

number. To be valid, a Request for Exclusion must be timely faxed, e-mailed, or postmarked by the Response Deadline.

2. The Administrator shall reject a Request for Exclusion as invalid if it fails to contain all the information specified in the Class Notice or if it is not timely submitted or if the Administrator cannot determine that it was timely submitted. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Settlement Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

3. Every Settlement Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Released Class Claims and Released PAGA Claims, regardless of whether the Participating Class Member actually receives the Class Notice, the Participating Class Member Payment, or objects to the Settlement.

4. Every Settlement Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive a Participating Class Member Payment and shall not have the right to object to the class portions of the Settlement. Non-Participating Class Members are deemed to release the Released PAGA Claims and are eligible for an Individual PAGA Payment.

5. If a Settlement Class Member submits both a Request for Exclusion and an objection, only the Request for Exclusion will be accepted, and the objection will be void.

F. Challenges to Calculation of Workweeks: Each Settlement Class Member shall have thirty (30) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed) to challenge the number of Workweeks and PAGA Pay Periods allocated to the Settlement Class Member. The Settlement Class Member may challenge the allocation by communicating with the Administrator via fax, email, or mail but must submit any such challenge in writing. The Administrator must encourage the challenging Settlement Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks and Pay Periods contained in the Class Data are correct. The Administrator's determination of each Settlement Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and shall promptly provide to Defense Counsel and to Class Counsel the Administrator's determination as to the challenges.

G. Objections to Settlement:

1. Only Participating Class Members may object to the class portions of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and/or Service Award Payment. No Settlement Class Member may object to their Individual PAGA Payment.

2. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than thirty (30) days after the Administrator's mailing of the Class Notice (plus an additional fourteen (14) days for Settlement Class Members whose Class Notice was re-mailed). No Participating Class Member shall be entitled to be heard at the Final Approval Hearing (whether individually or through separate counsel) or to object to the Settlement, and no written objections or briefs submitted by any Participating Class Member shall be received or considered by the Court at the Final Approval Hearing, unless written notice of the Participating Class Member's intention to appear at the Final Approval Hearing (if such Participating Class Member does intend to appear either personally or through counsel), and/or copies of any written objections or briefs, have been mailed to the Clerk of the Court and the Administrator on or before the Response Deadline. Any objection to the Settlement must be in writing, and must include at least the following: (i) the words "I object to the *Verdugo v. Capstone Logistics LLC* settlement"; (ii) a statement of the objection(s) being asserted and a description of each objection; (iii) if the objector intends to appear at the Final Approval Hearing, the words "I intend to appear at the Final Approval Hearing"; (iv) a list of any witnesses who may be called to testify at the Final Approval Hearing, whether in person, by deposition, or affidavit; and (v) a list of any exhibits, and copies of same, that the objector may offer at the Final Approval Hearing. Written objections must also state the case name, the Participating Class Member's full name and address, and the calendar year(s) during which the Participating Class Member performed work for Defendant. The date of the postmark on the mailing envelope shall be the exclusive means used to determine whether an objection to the Settlement has been timely submitted. No later than two (2) days after receiving an objection, the Administrator shall furnish to Class Counsel and Defense Counsel copies of objections received from Participating Class Members. Participating Class Members who fail to submit timely written objections in the manner specified above shall be deemed to have waived any objections and shall be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement.

3. Non-Participating Class Members have no right to object to any of the class action components of the Settlement. If a Class Member submits both a Request for Exclusion and an objection, only the Request for Exclusion will be accepted, and the objection will be void.

H. The Administrator's Duties: The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

1. Email Address and Toll-Free Number: The Administrator will maintain and monitor an e-mail address and a toll-free telephone number to receive Settlement Class Member calls, faxes, and e-mails.

2. Qualified Settlement Fund: The Administrator will establish and maintain a Qualified Settlement Fund for this Settlement.

3. Request for Exclusion (Opt-Outs) and Exclusion List: The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than seven (7) days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing: (a) the names and other identifying information of Settlement Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Settlement Class Members who have submitted invalid Requests for Exclusion; and (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

4. Objections: The Administrator will provide copies of any objections received by the Administrator to Class Counsel and Defense Counsel immediately upon receipt.

5. Workweek and/or Pay Period Challenges: The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Settlement Class Member challenges over the calculation of Workweeks and/or Pay Periods. In the event of a discrepancy between a Settlement Class Member's claimed Workweeks and/or Pay Periods and the information shown in Defendant's records, Defendant's records shall control. The Administrator's decision shall be final.

6. Weekly Reports: The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed ("Weekly Report"). The Weekly Reports must include provide the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

7. The Administrator's Declaration: Not later than fourteen (14) days before the date by which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and

compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notices, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Settlement Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections, and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

8. Final Report by the Administrator: Within ten (10) days after the Administrator disburses all funds of the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least seven (7) days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court. If a second declaration attesting to the distribution of uncashed checks is required, the Administrator shall provide this second declaration at least seven (7) days before any deadline for a second declaration and Class Counsel shall be responsible for filing the second declaration with the Court.

X. DEFENDANT'S RIGHT TO WITHDRAW

A. The Parties agree that if more than five percent (5%) of the total Settlement Class Members exercise their right to opt-out of the Settlement, then Defendant will have the unilateral right to declare the Settlement void in its entirety upon notice to Class Counsel. The Parties agree that, if Defendant withdraws, the Settlement shall be void *ab initio*, have no force or effect whatsoever, and that no Party will have any further obligation to perform under this Agreement; provided, however, if Defendant voids the Settlement, it will be responsible for all settlement administration costs incurred up to the date of voidance. Defendant must notify Class Counsel and the Court of its election to withdraw not later than seven (7) days after Defense Counsel receives the final Exclusion List from the Administrator. Invalid Requests for Exclusion will have no effect on this threshold for an election.

B. Class Counsel agrees that it will not in any way encourage Class Members to opt-out, request exclusion from, or object to the settlement. Nothing in this Paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's legal or ethical obligations owed to Class Members.

XI. MOTION FOR FINAL APPROVAL AND RESPONSE TO OBJECTIONS

A. Motion for Final Approval: Unless otherwise ordered by the Court, not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiffs will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699(l), a Proposed Final Approval Order and Final Judgment. Plaintiffs shall provide drafts of these documents to Defense Counsel not later than seven (7) days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

B. Proposed Final Approval Order and Final Judgment: In the proposed order granting final approval, and at the Final Approval Hearing, the Parties will request that the Court, among other things, enter a Final Approval Order and Final Judgment that:

1. states that there is a bona fide legal dispute between the Parties as to whether Plaintiffs and Settlement Class Members were properly compensated;

2. approves the Settlement and adjudicates the terms thereof to be a final, fair, reasonable, adequate, and binding resolution of all claims as set forth in this Agreement by all Plaintiffs and Participating Class Members as to the Released Class Claims, and all Non-Participating Class Members and all members of the PAGA Representative Group as to the Released PAGA Claims;

3. approves the Agreement as final, fair, reasonable, adequate, and binding, and directs consummation of its terms and provisions;

4. dismisses the Actions with prejudice and permanently bars and enjoins all Class Members who have not submitted a timely Request for Exclusion and all members of the PAGA Representative Group from filing or prosecuting against Released Parties any individual or class or representative claims released herein; and

5. retains jurisdiction to enforce the terms of the Settlement.

C. Response to Objections: Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

D. Duty to Cooperate: If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Participating Class Members or the scope of the PAGA release), the Parties will expeditiously work together in good faith to address the Court's concerns by revising this Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for a Service Award Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and/or Administration Expenses Payment shall not constitute a material modification to this Agreement within the meaning of this Paragraph.

E. Continuing Jurisdiction of the Court: The Parties agree that, after entry of final judgment, the Court will retain jurisdiction over the Parties, the Actions, and the

Settlement under C.C.P. section 664.6 solely for purposes of (i) enforcing this Agreement and/or judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-judgment matters as are permitted by law.

F. Waiver of the Right to Appeal: Provided the judgment is consistent with the terms and conditions of this Agreement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Fund.

G. Denial of Final Approval or Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment: In the event that the Court does not grant final approval, or if the Court grants final approval and a reviewing Court vacates, reverses, or modifies the judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Participating Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the Court or the appellate court's concerns and to obtain Final Approval and entry of judgment. An order by the Court awarding Service Award Payments or any payments to Class Counsel less than the amounts contemplated by this Agreement, or an appellate decision to vacate, reverse, or modify the Court's award of any of the Service Awards or any payments to Class Counsel shall not constitute a material modification of the judgment within the meaning of this Paragraph, as long as the Gross Settlement Amount remains unchanged.

H. Effect on Effective Date: In the event that the Effective Date does not occur, this Agreement shall be deemed null, void, and unenforceable, and each Party shall retain each of its respective rights as they existed as of the date of the mediation on July 14, 2025, and neither this Agreement, nor any of its accompanying exhibits, nor any orders entered by the Court in connection with this Agreement, shall be admissible or used for any purpose in any subsequent proceedings in the Actions or in any other judicial, arbitral, administrative, investigative, or other court tribunal, forum or proceeding.

XII. ADDITIONAL PROVISIONS

A. Impact On Verdugo Settlement: The Parties agree that, upon Final Approval, this Settlement shall replace the Verdugo Settlement Agreement. Upon Final Approval of this Settlement of the Actions, the Verdugo Settlement Agreement shall be rescinded and any orders approving the Verdugo Settlement Agreement shall be vacated and/or amended consistent with the terms of this Settlement. The Parties agree to cooperate to prepare, submit, and support any pleadings necessary to achieve that end.

B. No Solicitation: The Parties separately agree that they and their respective counsel and employees have not and will not solicit any Settlement Class Member to opt out of or object to the Settlement, or appeal from the judgment. Nothing in this Paragraph shall be construed to restrict Class Counsel's ability to communicate with Settlement Class Members in accordance with Class Counsel's legal or ethical obligations owed to Settlement Class Members. Class Counsel specifically agree that they will not make any public statement regarding the Settlement or post the Settlement on their website(s) or in social media.

C. Integrated Agreement: Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all prior or contemporaneous agreements, understandings, representations, statements, warranties, covenants, or inducements, whether oral or written and whether by a Party or such Party's legal counsel. No rights under this Agreement may be waived except in writing and signed by the Party against whom such waiver is to be enforced.

D. Attorney Authorization: Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

E. Prior Assignments: The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

F. Tax Advice: Neither Class Counsel, Defendant, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, *as amended*) or otherwise.

G. Modification of Agreement: This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their legal representatives.

H. Agreement Binding on Successors: This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

I. Applicable Law: All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the laws of the State of California, without regard to conflict of law principles.

J. Cooperation in Drafting: The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

K. Use and Return of Class Data: Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data or other documentation or information provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than ninety (90) days after the date when the Administrator provides a Declaration confirming the final pay out of all Settlement funds, Plaintiffs shall destroy, all paper and electronic versions of Class Data or other documentation or information received from Defendant and verify to Defense Counsel that such destruction has been completed.

L. Headings: The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

M. Calendar Days: Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first court day thereafter.

N. Notice: All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs and the Class

THE KICK LAW FIRM, APC
Taras Kick
Tyler Dosaj
The Kick Law Firm, APC
815 Moraga Drive
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tyler@kicklawfirm.com

DIVERSITY LAW GROUP, P.C.
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Los Angeles, California 90071
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lwlee@diversitylaw.com
kagnew@diversitylaw.com

To Defendant:

Gerald L. Maatman, Jr.
Jennifer A. Riley
James S. Brown
DUANE MORRIS LLP
190 South LaSalle Street, Suite 3700
Chicago, Illinois 60603-3433
Telephone: (312) 499-6700
Facsimile: (312) 279-6780
gmaatman@duanemorris.com
jariley@duanemorris.com

O. Execution in Counterparts: This Agreement may be executed in one or more counterparts by facsimile, electronically (*i.e.*, DocuSign), or e-mail which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves executed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

P. Stay of Litigation: The Parties agree that upon the execution of this Agreement the litigation of the Actions shall remain stayed and that they will exercise all reasonable efforts to maintain the stays of the Actions, except to effectuate the terms of this Agreement.

Q. Fair Settlement: The Parties, Class Counsel, and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

R. Parties' Authority: The signatories hereto represent that they are fully authorized to enter into this Settlement.

S. Invalidity of Any Provision: Before declaring any provision of this Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement valid and enforceable.

T. Representations by Class Representatives:

1. Plaintiffs acknowledge the following:

(a) Class Representatives, and each of them, have carefully read and fully understand all of the provisions of this Settlement;

(b) Class Representatives, and each of them, knowingly and voluntarily agree to all of the terms set forth in this Settlement and have not been coerced, threatened, or intimidated into executing this Settlement;

(c) Class Representatives, and each of them, were advised, and hereby are advised in writing, to consider the terms of this Settlement and consult with their attorneys before signing this Settlement; and

(d) Other than the fees and costs awarded pursuant to the terms of this Settlement, Plaintiffs, and each of them, acknowledge that all Parties shall bear their own fees and costs through the conclusion of the Actions.

U. Representations by Defendant:

1. Defendant acknowledges the following:

(a) Defendant has carefully read and fully understands all of the provisions of this Settlement;

(b) Defendant knowingly and voluntarily agrees to all of the terms set forth in this Settlement;

(c) Defendant was advised, and hereby is advised in writing, to consider the terms of this Settlement and consult with Defendant's attorneys before signing this Settlement.

(d) Other than the fees and costs awarded pursuant to the terms of this Settlement, Defendant acknowledges that all Parties shall bear their own fees and costs through the conclusion of the Actions.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Settlement Agreement as of the date(s) set forth below:

AGREED TO BY PLAINTIFFS AS TO FORM AND CONTENT:

COREY DEVINE

DocuSigned by:

A3B2B41F3BF5470...

DATED: 10/7/2025

JERMAINE WILLIS

DATED: 10/13/2025

DocuSigned by:

E76C1ADABD69487...

SHERI KING

DATED: 10/7/2025

DocuSigned by:

9BA85A156CDC469...

ANDREA OTANEZ VERDUGO

DATED: ____________ ____________________

IVAN ESCOBAR

DATED: 10/8/2025

DocuSigned by:

0F8D16B721CD44A...

AGREED TO BY DEFENDANT AS TO FORM AND CONTENT:

CAPSTONE LOGISTICS, LLC

DATED: 10/7/2025

Mark W. Seymour, Jr.

By: Mark W. Seymour, Jr.

Title: CFO

APPROVED AS TO FORM BY COUNSEL:

JERMAINE WILLIS

DATED: ____________ ____________________

SHERI KING

DATED: 10/7/2025 DocuSigned by: 9BA85A156CDC469...

ANDREA OTANEZ VERDUGO

DATED: ____________ ____________________

IVAN ESCOBAR

DATED: 10/8/2025 DocuSigned by: 0F8D16B721CD44A...

AGREED TO BY DEFENDANT AS TO FORM AND CONTENT:

CAPSTONE LOGISTICS, LLC

DATED: 10/7/2025 Mark W. Seymour, Jr.

By: Mark W. Seymour, Jr.

Title: CFO

APPROVED AS TO FORM BY COUNSEL:

The Kick Law Firm, APC

DocuSigned by:
Taras Kick
6DE1B9718B564B2...

DATED: 10/13/2025

Taras Kick
Tyler Dosaj
Attorneys for Corey Devine and Jermaine Willis and Co-Lead Class Counsel

Diversity Law Group, A P.C.

DocuSigned by:
Kristen Agnew
EB4A5E2CC41F46E...

DATED: 10/7/2025

Larry W. Lee
Kristen Agnew
Attorneys for Ivan Escobar and Sheri King and Co-Lead Class Counsel

Potter Handy LLP

DATED: ______________

James Treglio
Attorneys for Andrea Otanez Verdugo

APPROVED AS TO FORM BY DEFENDANT'S COUNSEL:

DUANE MORRIS LLP

DATED: Oct. 7, 2025

Gerald L. Maatman, Jr.
Jennifer A. Riley
Attorneys for Defendant
Capstone Logistics, LLC

(b) Class Representatives, and each of them, knowingly and voluntarily agree to all of the terms set forth in this Settlement and have not been coerced, threatened, or intimidated into executing this Settlement;

(c) Class Representatives, and each of them, were advised, and hereby are advised in writing, to consider the terms of this Settlement and consult with their attorneys before signing this Settlement; and

(d) Other than the fees and costs awarded pursuant to the terms of this Settlement, Plaintiffs, and each of them, acknowledge that all Parties shall bear their own fees and costs through the conclusion of the Actions.

U. Representations by Defendant:

1. Defendant acknowledges the following:

(a) Defendant has carefully read and fully understands all of the provisions of this Settlement;

(b) Defendant knowingly and voluntarily agrees to all of the terms set forth in this Settlement;

(c) Defendant was advised, and hereby is advised in writing, to consider the terms of this Settlement and consult with Defendant's attorneys before signing this Settlement.

(d) Other than the fees and costs awarded pursuant to the terms of this Settlement, Defendant acknowledges that all Parties shall bear their own fees and costs through the conclusion of the Actions.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Settlement Agreement as of the date(s) set forth below:

AGREED TO BY PLAINTIFFS AS TO FORM AND CONTENT:

COREY DEVINE

DATED: ____________ ___________________

JERMAINE WILLIS

DATED: ____________ ____________________

SHERI KING

DATED: ____________ ____________________

ANDREA OTANEZ VERDUGO

Andrea Otanez Verdugo

E6AFE5367C253DB6764A16881423AFFB readysign

DATED: 10/07/2025 ____________________

IVAN ESCOBAR

DATED: ____________ ____________________

AGREED TO BY DEFENDANT AS TO FORM AND CONTENT:

CAPSTONE LOGISTICS, LLC

DATED: 10/7/2025 Mark W. Seymour, Jr.

By: Mark W. Seymour, Jr.

Title: CFO

APPROVED AS TO FORM BY COUNSEL:

The Kick Law Firm, APC

DATED: ______________

____
Taras Kick
Tyler Dosaj
Attorneys for Corey Devine and Jermaine Willis and Co-Lead Class Counsel

Diversity Law Group, A P.C.

DATED: ______________

____
Larry W. Lee
Kristen Agnew
Attorneys for Ivan Escobar and Sheri King and Co-Lead Class Counsel

Potter Handy LLP

James M. Treglio
E66D4686FB3D25DD70C737C7645D4A67 readysign

DATED: 10/07/2025

____
James Treglio
Attorneys for Andrea Otanez Verdugo

APPROVED AS TO FORM BY DEFENDANT'S COUNSEL:

DUANE MORRIS LLP

DATED: Oct. 7, 2025

____
Gerald L. Maatman, Jr.
Jennifer A. Riley
Attorneys for Defendant
Capstone Logistics, LLC