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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SANTA CLARA

OSCAR CANCINO, individually, and on behalf
of other members of the general public similarly
situated,

Plaintiff,

vs.

COTTON ON USA INC., a Delaware
corporation; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 22CV405002

**JOINT STIPULATION OF CLASS ACTION
AND PAGA SETTLEMENT AND RELEASE**

JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT AND RELEASE

This Joint Stipulation of Class Action and PAGA Settlement and Release (“Settlement” or “Settlement Agreement”) is made and entered into by and between Oscar Cancino and Marcos Mendiola (“Plaintiffs” or “Class Representatives”), as individuals and on behalf of all others similarly situated, and as aggrieved employees pursuant to the Private Attorneys General Act (“PAGA”), and Cotton On USA Inc. (“Defendant”) (collectively with Plaintiffs, the “Parties”).

DEFINITIONS

The following definitions are applicable to this Settlement Agreement. Definitions contained elsewhere in this Settlement Agreement will also be effective:

1. “Action” means *Cancino v. Cotton on USA Inc.*, Case No. 22CV405002 (Santa Clara County Superior Court).

2. “Attorneys’ Fees and Costs” means attorneys’ fees agreed upon by the Parties and approved by the Court for Class Counsel’s litigation and resolution of the Action, and all out-of-pocket costs incurred and to be incurred by Class Counsel in the Action, including but not limited to expert/consultant fees, investigation costs, and costs associated with documenting the Settlement, providing any notices required as part of the Settlement or Court order, securing the Court’s approval of the Settlement, administering the Settlement, and obtaining entry of a Judgment terminating the Action. Class Counsel will request attorneys’ fees not in excess of one-third (1/3) of the Gross Settlement Amount, or Seven Hundred Sixteen Thousand Six Hundred Sixty Seven Dollars (\$716,667). The Attorneys’ Fees and Costs will also mean and include the additional reimbursement of any costs and expenses associated with Class Counsel’s litigation and settlement of the Action, up to Forty Thousand Dollars (\$40,000), subject to the Court’s approval. Defendant has agreed not to oppose Class Counsel’s request for fees and reimbursement of costs as set forth above.

3. “Class Counsel” means Capstone Law APC.

4. “Class List” means a complete list of all Class Members that Defendant will diligently and in good faith compile from its records and provide to the Settlement Administrator and Class Counsel within thirty (30) calendar days after Preliminary Approval of this Settlement. The Class List will be formatted in Microsoft Office Excel and will include each Class Member’s full name; most

1 recent mailing address and telephone number; Social Security number; dates of employment; the
2 respective number of Workweeks that each Class Member worked during the Class Period and PAGA
3 Period; and any other relevant information needed to calculate settlement payments.

4 5. “Class Member(s)” or “Settlement Class” means all persons who worked for Defendant
5 as non-exempt, hourly paid retail employees, excluding Store Managers, in California at any time during
6 the period from October 20, 2018 to August 26, 2024.

7 6. “Class Notice” means the Notice of Class Action Settlement, substantially in the form
8 attached as Exhibit A.

9 7. “Class Period” means the period from October 20, 2018 to August 26, 2024.

10 8. “Class Representative Enhancement Payments” means the amounts to be paid to
11 Plaintiffs in recognition of their effort and work in prosecuting the Action on behalf of Class Members,
12 and for their general release of claims. Subject to the Court granting final approval of this Settlement
13 Agreement and subject to the exhaustion of any and all appeals, Plaintiffs will request Court approval of
14 Class Representative Enhancement Payments of up to Ten Thousand Dollars (\$10,000), each.

15 9. “Court” means the Santa Clara County Superior Court.

16 10. “Defendant” means Defendant Cotton On USA Inc.

17 11. “Effective Date” means the later of: (a) if no timely objections are filed, or are
18 withdrawn prior to Final Approval, then the date of Final Approval; or (b) if a Class Member files an
19 objection to the Settlement, the Effective Date shall be the sixty-first (61st) calendar day after the date of
20 Final Approval, provided no appeal is initiated by an objector; or (c) if a timely appeal is initiated by an
21 objector, then the Effective Date will be the date of final resolution of that appeal (including any requests
22 for rehearing and/or petitions for certiorari), resulting in final judicial approval of the Settlement.

23 12. “Final Approval” means the date on which the Court enters an order granting final
24 approval of the Settlement Agreement.

25 13. “Gross Settlement Amount” means the Gross Settlement Amount of Two Million One
26 Hundred Fifty Thousand Dollars (\$2,150,000), to be paid by Defendant in full satisfaction of all
27 Released Class Claims and Released PAGA Claims, which includes all Individual Settlement Payments,
28 Attorneys’ Fees and Costs, the Class Representative Enhancement Payments, the PAGA Settlement

Amount, and Settlement Administration Costs. This Gross Settlement Amount has been agreed to by Plaintiffs and Defendant based on the aggregation of the agreed-upon settlement value of individual claims. In no event will Defendant be liable for more than the Gross Settlement Amount except as otherwise explicitly set forth herein. There will be no reversion of the Gross Settlement Amount to Defendant. Defendant will be separately responsible for any employer payroll taxes required by law, including the employer FICA, FUTA, and SDI contributions, which shall not be paid from the Gross Settlement Amount.

14. “Individual Settlement Payment” means each Participating Class Member’s and PAGA Member’s respective shares of the Net Settlement Fund and PAGA Fund.

15. “Net Settlement Fund” means the portion of the Gross Settlement Amount remaining after deducting the Attorneys’ Fees and Costs, the Class Representative Enhancement Payments, the PAGA Settlement Amount, and Settlement Administration Costs. The Net Settlement Fund will be distributed to Participating Class Members. There will be no reversion of the Net Settlement Fund to Defendant.

16. “Notice of Objection” means a Class Member’s valid and timely written objection to the Settlement Agreement. For the Notice of Objection to be valid, it must include: (a) the objector’s full name, signature, address, and telephone number, (b) a written statement of all grounds for the objection accompanied by any legal support for such objection; (c) copies of any papers, briefs, or other documents upon which the objection is based; and (d) a statement whether the objector intends to appear at the final fairness hearing.

17. “PAGA Members” means all persons who worked for Defendant as non-exempt, hourly paid retail employees, excluding Store Managers, in California at any time during the period from November 23, 2021 to August 26, 2024.

18. “PAGA Period” means the period from November 23, 2021 to August 26, 2024.

19. “PAGA Settlement Amount” means the amount that the Parties have agreed to pay to the Labor and Workforce Development Agency (“LWDA”) and PAGA Members in connection with Plaintiffs’ claim under the Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*, “PAGA”) (“PAGA Settlement”). The Parties have agreed that Twenty-Five Thousand Dollars

1 (\$25,000) of the Gross Settlement Amount will be allocated to the PAGA Settlement. Pursuant to
2 PAGA, Seventy-Five Percent (75%), or Eighteen Thousand Seven Hundred Fifty Dollars (\$18,750), of
3 the PAGA Settlement Amount will be paid to the California Labor and Workforce Development
4 Agency ("Labor and Workforce Development Agency Payment"), and Twenty-Five Percent (25%), or
5 Six Thousand Two Hundred Fifty Dollars (\$6,250) ("PAGA Fund"), of the PAGA Settlement will be
6 disbursed to PAGA Members, and regardless whether they request to be excluded from the Settlement
7 Class.

8 20. "Parties" means Plaintiffs and Defendant collectively.

9 21. "Participating Class Members" means all Class Members who do not submit timely and
10 valid Requests for Exclusion.

11 22. "Plaintiffs" means Plaintiffs Oscar Cancino and Marcos Mendiola.

12 23. "Preliminary Approval" means the date on which the Court enters an order granting
13 preliminary approval of the Settlement Agreement.

14 24. "Released Class Claims" means all claims, rights, demands, liabilities, and causes of
15 action alleged or which could reasonably have been alleged in the Action based on the same set of
16 operative facts alleged in the operative Complaint and Plaintiffs' letters to the LWDA. The Released
17 Class Claims are those that accrued during the Class Period.

18 25. "Released PAGA Claims" means all claims, rights, demands, liabilities, and causes of
19 action for PAGA civil penalties under California Labor Code §§ 2698, *et seq.*, alleged or which could
20 reasonably have been alleged in the Action based on the same set of operative facts alleged in Plaintiffs'
21 letters to the LWDA and the operative Complaint during the PAGA Period.

22 26. "Released Parties" means (a) Defendant, its past, present and future direct and indirect
23 parents, subsidiaries, affiliates, divisions, joint ventures, licensees, franchisees, and any other related legal
24 entities, whether foreign or domestic, and (b) the past, present, and future shareholders, officers,
25 directors, owners, executives, members, investors, agents, accountants, principals, employees,
26 consultants, representatives, fiduciaries, insurers, attorneys, legal representatives, payroll processing
27 providers, payroll funding companies, predecessors, successors, and assigns of all entities listed in (a).

28 27. "Request for Exclusion" means a timely letter submitted by a Class Member indicating a

1 request to be excluded from the Settlement Class. The Request for Exclusion must: (a) set forth the
2 name, address, telephone number and last four digits of the Social Security Number of the Class
3 Member requesting exclusion; (b) be signed by the Class Member; (c) be returned to the Settlement
4 Administrator; (d) clearly state that the Class Member does not wish to be included in the Settlement;
5 and (e) be faxed or postmarked on or before the Response Deadline.

6 28. "Response Deadline" means the deadline by which Class Members must postmark or
7 fax to the Settlement Administrator Requests for Exclusion, postmark or fax disputes concerning the
8 calculation of Individual Settlement Payments, or postmark Notices of Objection to the Settlement
9 Administrator. The Response Deadline will be sixty (60) calendar days from the initial mailing of the
10 Class Notice by the Settlement Administrator, unless the sixtieth (60th) calendar day falls on a Sunday or
11 State holiday, in which case the Response Deadline will be extended to the next day on which the U.S.
12 Postal Service is open.

13 29. "Settlement Administration Costs" means the costs payable from the Gross Settlement
14 Amount to the Settlement Administrator for administering this Settlement, including, but not limited to,
15 printing, distributing, and tracking documents for this Settlement, tax reporting, distributing the Gross
16 Settlement Amount, and providing necessary reports and declarations, as requested by the Parties. The
17 Settlement Administration Costs will be paid from the Gross Settlement Amount, including, if necessary,
18 any such costs in excess of the amount represented by the Settlement Administrator as being the
19 maximum costs necessary to administer the Settlement. Based on an estimated Settlement Class of
20 approximately Six Thousand (6,000) Class Members, the Settlement Administration Costs are currently
21 estimated to be Thirty-Five Thousand Dollars (\$35,000).

22 30. "Settlement Administrator" means CPT Group, Inc., or any other third-party class action
23 settlement administrator agreed to by the Parties and approved by the Court for the purposes of
24 administering this Settlement. The Parties each represent that they do not have any financial interest in
25 the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that
26 could create a conflict of interest.

27 31. "Workweeks" means the number of weeks that a Class Member was employed by and
28 worked for Defendant for at least one day in a non-exempt position during the Class Period and/or

1 PAGA Period in California, based on hire dates, re-hire dates (as applicable) and termination dates (as
2 applicable). All Class Members will be credited with at least one Workweek during the Class Period, and
3 all PAGA Members will be credited with at least one Workweek during the PAGA Period.

4 **TERMS OF AGREEMENT**

5 The Plaintiffs, on behalf of themselves and the Settlement Class, and Defendant agree as
6 follows:

7 32. Second Amended Complaint. As a condition of settlement, Plaintiffs will file a Second
8 Amended Complaint (“SAC”) to conform the pleadings with the scope of the Released Class Claims and
9 Released PAGA Claims. Defendant will not be required to file an answer or other responsive pleading to
10 the SAC. If, for any reason, the Court does not approve of the Settlement, or if the Settlement does not
11 become final for any reason, then the SAC will be deemed withdrawn and the First Amended Complaint
12 will again become the operative complaint without prejudice to Plaintiff’s right to seek leave to file
13 another amended complaint and without prejudice to Defendant’s rights to object and/or challenge an
14 amended pleading. Defendant does not impliedly or expressly waive any arguments or defenses to the
15 SAC.

16 33. Funding of the Gross Settlement Amount. Defendant will make a one-time deposit of
17 the Gross Settlement Amount of Two Million One Hundred Fifty Thousand Dollars (\$2,150,000) into a
18 Qualified Settlement Account to be established by the Settlement Administrator. Defendant will pay the
19 employer’s share of payroll taxes separately. After the Effective Date, the Gross Settlement Amount will
20 be used for: (a) Individual Settlement Payments; (b) the Labor and Workforce Development Agency
21 Payment; (c) the Class Representative Enhancement Payments; (d) Attorneys’ Fees and Costs; and (e)
22 Settlement Administration Costs. Defendant will deposit the Gross Settlement Amount and the
23 employer’s share of payroll taxes within thirty (30) days after final approval is no objections, or if an
24 objection is filed, on the 61st day following entry of Judgment, provided no appeal is filed, or if a timely
25 appeal to the Judgment is filed, the Gross Settlement Amount will be funded within five (5) business
26 days after the Judgment is affirmed. (“Funding Date”).

27 34. Attorneys’ Fees and Costs. Defendant agrees not to oppose or impede any application or
28 motion for attorneys’ fees and costs by Class Counsel for Attorneys’ Fees and Costs of not more than

1 Seven Hundred Sixteen Thousand Six Hundred Sixty Seven Dollars (\$716,667), plus the reimbursement
2 of all out-of-pocket costs and expenses associated with Class Counsel's litigation and settlement of the
3 Action (including expert/consultant fees, investigations costs, etc.), not to exceed Forty Thousand
4 Dollars (\$40,000), both of which will be paid from the Gross Settlement Amount.

5 35. Class Representative Enhancement Payments. In exchange for a general release, and in
6 recognition of their effort and work in prosecuting the Action on behalf of Class Members, Defendant
7 agrees not to oppose or impede any application or motion for Class Representative Enhancement
8 Payments of up to Ten Thousand Dollars (\$10,000) to each Plaintiff. The Class Representative
9 Enhancement Payments will be paid from the Gross Settlement Amount and will be in addition to
10 Plaintiffs' Individual Settlement Payment paid pursuant to the Settlement. Plaintiffs will be solely and
11 legally responsible to pay any and all applicable taxes on the Class Representative Enhancement
12 Payments. Plaintiffs understand and agree that this Settlement Agreement shall remain in full force and
13 effect even if the full amount of Class Representative Enhancement Payments sought by Plaintiffs is not
14 ultimately awarded by the Court.

15 36. Settlement Administration Costs. The Settlement Administrator will be paid for the
16 reasonable costs of administration of the Settlement and distribution of payments from the Gross
17 Settlement Amount, which is currently estimated to be Thirty-Five Thousand Dollars (\$35,000). These
18 costs, which will be paid from the Gross Settlement Amount, will include, *inter alia*, the required tax
19 reporting on the Individual Settlement Payments, the issuing of 1099 and W-2 IRS Forms, distributing
20 Class Notices, calculating and distributing the Gross Settlement Amount, and providing necessary
21 reports and declarations.

22 37. PAGA Settlement Amount. Subject to Court approval, the Parties agree that the amount
23 of Twenty-Five Thousand Dollars (\$25,000) from the Gross Settlement Amount will be designated for
24 satisfaction of Plaintiffs' PAGA claim. Pursuant to PAGA, Seventy-Five Percent (75%), or Eighteen
25 Thousand Seven Hundred Fifty Dollars (\$18,750), of this sum will be paid to the LWDA and Twenty-
26 Five Percent (25%), or Six Thousand Two Hundred Fifty Dollars (\$6,250), will be paid to PAGA
27 Members in proportion to the number of Workweeks worked during the PAGA Period.

28 38. No Right to Exclusion or Objections to the PAGA Settlement. Because this settlement

resolves claims and actions brought pursuant to PAGA by Plaintiffs acting as proxies and as Private Attorneys General of, and for, the State of California and the LWDA, the Parties agree that no PAGA Member has the right to exclude himself or herself from the release of the Released PAGA Claims, and all PAGA Members will receive their shares of the PAGA Fund. The Parties also agree that no PAGA Member has the right to object to the PAGA Settlement Amount.

39. Net Settlement Fund. The entire Net Settlement Fund will be distributed to Participating Class Members. No portion of the Net Settlement Fund will revert to or be retained by Defendant.

40. PAGA Fund. The entire PAGA Fund will be distributed to all PAGA Members. No portion of the PAGA Fund will revert to or be retained by Defendant.

41. Individual Settlement Payment Calculations. Individual Settlement Payments will be calculated and apportioned from the Net Settlement Fund and PAGA Fund based on the number of Workweeks a Class Member worked during the Class Period and PAGA Period. Specific calculations of Individual Settlement Payments will be made as follows:

41(a) Payments from the Net Settlement Fund. Defendant will calculate the total number of Workweeks worked by each Class Member during the Class Period and the aggregate total number of Workweeks worked by all Class Members during the Class Period. To determine each Class Member's estimated "Individual Settlement Payment" from the Net Settlement Fund, the Settlement Administrator will use the following formula: The Net Settlement Fund will be divided by the aggregate total number of Workweeks during the Class Period, resulting in the "Workweek Value." Each Class Member's "Individual Settlement Payment" will be calculated by multiplying each individual Class Member's total number of Workweeks by the Workweek Value. The Individual Settlement Payment will be reduced by any required deductions for each Participating Class Member as specifically set forth herein, including employee-side tax withholdings or deductions. The entire Net Settlement Fund will be disbursed to all Class Members who do not submit timely and valid Requests for Exclusion. If

1 there are any valid and timely Requests for Exclusion, the Settlement
2 Administrator shall proportionately increase the Individual Settlement
3 Payment for each Participating Class Member according to the number of
4 Workweeks worked, so that the amount actually distributed to the
5 Settlement Class equals 100% of the Net Settlement Fund.

6 41(b) Payments from the PAGA Fund. Defendant will calculate the total number
7 of Workweeks worked by each PAGA Member during the PAGA Period
8 and the aggregate total number of Workweeks worked by all PAGA
9 Members during the PAGA Period. To determine each PAGA Member's
10 estimated "Individual Settlement Payment," the Settlement Administrator
11 will use the following formula: The PAGA Fund will be divided by the
12 aggregate total number of Workweeks during the PAGA Period, resulting in
13 the "PAGA Workweek Value." Each PAGA Member's "Individual
14 Settlement Payment" will be calculated by multiplying each individual
15 PAGA Member's total number of Workweeks by the PAGA Workweek
16 Value. The entire PAGA Fund will be disbursed to all PAGA Members.

17 42. No Credit Toward Benefit Plans. The Individual Settlement Payments made to
18 Participating Class Members under this Settlement, as well as any other payments made pursuant to this
19 Settlement, will not be utilized to calculate any additional benefits under any benefit plans to which any
20 Class Members may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k)
21 plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan.
22 Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions,
23 or amounts to which any Class Members may be entitled under any benefit plans.

24 43. Administration Process. The Parties agree to cooperate in the administration of the
25 settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in
26 administration of the Settlement.

27 44. Delivery of the Class List. Within thirty (30) calendar days of Preliminary Approval,
28 Defendant will provide the Class List to the Settlement Administrator.

1 45. Notice by First-Class U.S. Mail. Within ten (10) calendar days after receiving the Class
2 List from Defendant, the Settlement Administrator will mail a Class Notice to all Class Members via
3 regular First-Class U.S. Mail, using the most current, known mailing addresses identified in the Class
4 List.

5 46. Confirmation of Updated Contact Information in the Class Lists. Prior to mailing, the
6 Settlement Administrator will perform a search based on the National Change of Address Database for
7 information to update and correct for any known or identifiable address changes. Any Class Notices
8 returned to the Settlement Administrator as non-deliverable on or before the Response Deadline will be
9 sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto and the
10 Settlement Administrator will indicate the date of such re-mailing on the Class Notice. If no forwarding
11 address is provided, the Settlement Administrator will promptly attempt to determine the correct address
12 using a skip-trace, or other search using the name, address and/or Social Security Number of the Class
13 Member involved, and will then perform a single re-mailing. Those Class Members who receive a re-
14 mailed Class Notice, whether by skip-trace or by request, will have either (a) an additional fifteen (15)
15 calendar days or (b) until the Response Deadline, whichever is later, to submit a Request for Exclusion
16 or an objection to the Settlement.

17 47. Class Notices. All Class Members will be mailed a Class Notice. Each Class Notice will
18 provide: (a) information regarding the nature of the Action; (b) a summary of the Settlement's principal
19 terms; (c) the Settlement Class and PAGA Member definitions; (d) the total number of Workweeks each
20 respective Class Member and PAGA Member worked for Defendant during the Class Period and PAGA
21 Period; (e) each Class Member's and PAGA Member's estimated Individual Settlement Payment and
22 the formula for calculating Individual Settlement Payments; (f) the dates which comprise the Class
23 Period and PAGA Period; (g) instructions on how to submit Requests for Exclusion or Notices of
24 Objection; (h) the deadlines by which the Class Member must postmark or fax Request for Exclusions,
25 or postmark Notices of Objection to the Settlement; and (i) the claims to be released.

26 48. Disputed Information on Class Notices. Class Members will have an opportunity to
27 dispute the information provided in their Class Notices. To the extent Class Members dispute their
28 number of Workweeks on record, Class Members may produce evidence to the Settlement

1 Administrator showing that such information is inaccurate. Defendant's records will be presumed
2 correct, but the Settlement Administrator shall contact the Parties regarding the dispute and the Parties
3 will work in good faith to resolve it. All disputes must be submitted by the Response Deadline, and will
4 be decided within ten (10) business days after the Response Deadline.

5 49. Defective Submissions. If a Class Member's Request for Exclusion is defective as to the
6 requirements listed herein, that Class Member will be given an opportunity to cure the defect(s). The
7 Settlement Administrator will mail the Class Member a cure letter within three (3) business days of
8 receiving the defective submission to advise the Class Member that his/her/their submission is defective
9 and that the defect must be cured to render the Request for Exclusion valid. The Class Member will have
10 until (a) the Response Deadline or (b) fifteen (15) calendar days from the date of the cure letter,
11 whichever date is later, to postmark or fax a revised Request for Exclusion. If the revised Request for
12 Exclusion is not postmarked or received by fax within that period, it will be deemed untimely.

13 50. Request for Exclusion Procedures. Any Class Member wishing to opt-out from the
14 Settlement Agreement must sign and fax or postmark a written Request for Exclusion to the Settlement
15 Administrator within the Response Deadline. In the case of Requests for Exclusion that are mailed to the
16 Settlement Administrator, the postmark date will be the exclusive means to determine whether a Request
17 for Exclusion has been timely submitted.

18 51. Escalator. This Settlement is entered based on Defendant's representation that there are
19 One Hundred Sixty-Five Thousand Eight Hundred Eighty-Four (165,884) Workweeks at issue as of
20 June 27, 2024. In the event the qualifying Workweeks worked by Class Members during the Class
21 Period increase by more than Ten Percent (10%), or One Hundred Eighty-Two Thousand Four Hundred
22 Seventy-Three (182,473), Defendant must either: (a) increase the Gross Settlement Amount on a pro-rata
23 basis equal to the percentage increase in the number of Workweeks above 182,473; or (b) advance the
24 end date of the Class Period and PAGA Period to correspond to the last date on which the total number
25 of workweeks was not in excess of 182,473.

26 52. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class Member
27 who does not affirmatively opt-out of the Settlement Agreement by submitting a timely and valid
28 Request for Exclusion will be bound by all of its terms, including those pertaining to the Released Class

1 Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the
2 Settlement.

3 53. Releases by Participating Class Members. Upon the Funding Date, and except as to such
4 rights or claims as may be created by this Settlement Agreement, each Participating Class Member,
5 together and individually, on their behalf and on behalf of their respective heirs, executors,
6 administrators, agents, and attorneys, shall fully and forever release and discharge all of the Released
7 Parties, or any of them, from each of the Released Class Claims arising during the Class Period.

8 54. Releases by PAGA Members. Upon the Funding Date, and except as to such rights or
9 claims as may be created by this Settlement Agreement, each PAGA Member, together and individually,
10 on their behalf and on behalf of their respective heirs, executors, administrators, agents, and attorneys,
11 shall fully and forever release and discharge all of the Released Parties, or any of them, from each of the
12 Released PAGA Claims during the PAGA Period.

13 55. Objection Procedures. To object to the Settlement Agreement, a Class Member may
14 either postmark a valid Notice of Objection to the Settlement Administrator on or before the Response
15 Deadline, or appear in person at the Final Approval Hearing. Class Members who fail to object either by
16 submitting a valid Notice of Objection or appearing in person at the Final Approval Hearing will be
17 deemed to have waived all objections to the Settlement and will be foreclosed from making any
18 objections, whether by appeal or otherwise, to the Settlement Agreement. At no time will any of the
19 Parties or their counsel seek to solicit or otherwise encourage Class Members to submit written
20 objections to the Settlement Agreement or appeal from the final approval order and judgment. Class
21 Counsel will not represent any Class Members with respect to any such objections to this Settlement. If a
22 Class Member timely submits both a Notice of Objection and a Request for Exclusion, the Request for
23 Exclusion will be given effect and considered valid, the Notice of Objection shall be rejected, and the
24 Class Member shall not participate in or be bound by the Settlement.

25 56. Certification Reports Regarding Individual Settlement Payment Calculations. The
26 Settlement Administrator will provide Defendant's counsel and Class Counsel a weekly report that
27 certifies the number of Class Members who have submitted valid Requests for Exclusion or objections to
28 the Settlement, and whether any Class Member has submitted a challenge to any information contained

1 in their Class Notice, including those received after the Response Deadline. Additionally, the Settlement
2 Administrator will provide to counsel for both Parties any updated reports regarding the administration
3 of the Settlement Agreement as needed or requested.

4 57. Distribution Timing of Individual Settlement Payments. Within ten (10) calendar days
5 of the Funding Date, the Settlement Administrator will issue payments to: (a) Participating Class
6 Members and PAGA Members; (b) the Labor and Workforce Development Agency; (c) Plaintiffs; and
7 (d) Class Counsel. The Settlement Administrator will also issue a payment to itself for Court-approved
8 services performed in connection with the Settlement.

9 58. Un-cashed Settlement Checks. Proceeds represented by Individual Settlement Payment
10 checks returned as undeliverable and Individual Settlement Payment checks remaining un-cashed for
11 more than one hundred and eighty (180) calendar days after issuance will be tendered pursuant to Code
12 of Civil Procedure section 384 to The Justice Gap Fund maintained by The State Bar of California.

13 59. Certification of Completion. Upon completion of administration of the Settlement, the
14 Settlement Administrator will provide a written declaration under oath to certify such completion to the
15 Court and counsel for all Parties.

16 60. Treatment of Individual Settlement Payments. All Individual Settlement Payments will
17 be allocated as follows: (a) Twenty-Five Percent (25%) of each Individual Settlement Payment will be
18 allocated as wages for which IRS Forms W-2 will be issued; and (b) Seventy-Five Percent (75%) will be
19 allocated as non-wages for which IRS Forms 1099-MISC will be issued. Payments issued to PAGA
20 Members from the PAGA Fund will be treated as non-wages for which IRS Forms 1099-MISC will be
21 issued.

22 61. Administration of Taxes by the Settlement Administrator. The Settlement Administrator
23 will be responsible for issuing to Plaintiffs, Participating Class Members, PAGA Members, and Class
24 Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to
25 this Settlement. The Settlement Administrator will also be responsible for forwarding all payroll taxes
26 and penalties to the appropriate government authorities.

27 62. Tax Liability. The Parties make no representation as to the tax treatment or legal effect
28 of the payments called for hereunder, and Plaintiffs, Participating Class Members, and PAGA Members

1 are not relying on any statement, representation, or calculation by Defendant or by the Settlement
2 Administrator in this regard.

3 63. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES
4 OF THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS
5 AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN “OTHER PARTY”)
6 ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND
7 NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES
8 OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR
9 WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED
10 OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES
11 TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE
12 ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS
13 OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX
14 ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS
15 AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY
16 ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY
17 UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO
18 ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE
19 ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER
20 PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF
21 ANY SUCH ATTORNEY’S OR ADVISER’S TAX STRATEGIES (REGARDLESS OF WHETHER
22 SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE
23 ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY
24 TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS
25 AGREEMENT.

26 64. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant
27 that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign,
28 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of

1 action or right herein released and discharged.

2 65. Nullification of Settlement Agreement. In the event that: (a) the Court does not finally
3 approve the Settlement as provided herein; or (b) the Settlement does not become final for any other
4 reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null
5 and void. Any order or judgment entered by the Court in furtherance of this Settlement Agreement will
6 likewise be treated as void from the beginning.

7 66. Preliminary Approval Hearing. Plaintiffs will obtain a hearing before the Court to
8 request the Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary Approval
9 Order for: (a) conditional certification of the Settlement Class for settlement purposes only, (b)
10 preliminary approval of the proposed Settlement Agreement, (c) setting a date for a final fairness
11 hearing. The Preliminary Approval Order will provide for the Class Notice to be sent to all Class
12 Members as specified herein. In conjunction with the Preliminary Approval hearing, Plaintiffs will
13 submit this Settlement Agreement, which sets forth the terms of this Settlement, and will include the
14 proposed Notice of Class Action Settlement, attached as Exhibit A. Class Counsel will be responsible for
15 drafting all documents necessary to obtain preliminary approval.

16 67. Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of the
17 deadlines to postmark Requests for Exclusion or objections to the Settlement Agreement, and with the
18 Court's permission, a final fairness hearing will be conducted to determine the Final Approval of the
19 Settlement Agreement along with the amounts properly payable for: (a) Attorneys' Fees and Costs; (b)
20 the Class Representative Enhancement Payments; (c) Individual Settlement Payments; (d) the Labor and
21 Workforce Development Agency Payment; (e) all Settlement Administration Costs. Class Counsel will
22 be responsible for drafting all documents necessary to obtain final approval. Class Counsel will also be
23 responsible for drafting the attorneys' fees and costs application to be heard at the final approval hearing.

24 68. Judgment and Continued Jurisdiction. Upon final approval of the Settlement by the
25 Court or after the final fairness hearing, the Parties will present the Judgment to the Court for its
26 approval. After entry of the Judgment, the Court will have continuing jurisdiction solely for purposes of
27 addressing: (a) the interpretation and enforcement of the terms of the Settlement, (b) Settlement
28 administration matters, and (c) such post-Judgment matters as may be appropriate under court rules or as

1 set forth in this Settlement Agreement. A copy of the Judgment will be posted to the Settlement
2 Administrator's website.

3 69. Release by Plaintiffs. Upon the Funding Date, in addition to the claims being released by
4 all Participating Class Members, Plaintiffs will release and forever discharge the Released Parties, to the
5 fullest extent permitted by law, of and from any and all claims, known and unknown, asserted and not
6 asserted, which Plaintiffs have or may have against the Released Parties as of the date of execution of
7 this Settlement Agreement. To the extent the foregoing release is a release to which Section 1542 of the
8 California Civil Code or similar provisions of other applicable law may apply, Plaintiffs expressly waive
9 any and all rights and benefits conferred upon them by the provisions of Section 1542 of the California
10 Civil Code or similar provisions of applicable law which are as follows:

11 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE
12 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO
13 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE
14 AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
15 AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED
16 PARTY.

17 70. Exhibits Incorporated by Reference. The terms of this Settlement Agreement include the
18 terms set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth
19 herein. Any Exhibits to this Settlement Agreement are an integral part of the Settlement.

20 71. Entire Agreement. This Settlement Agreement and any attached Exhibits constitute the
21 entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements
22 may be deemed binding on the Parties. The Parties expressly recognize California Civil Code Section
23 1625 and California Code of Civil Procedure Section 1856(a), which provide that a written agreement is
24 to be construed according to its terms and may not be varied or contradicted by extrinsic evidence, and
25 the Parties agree that no such extrinsic oral or written representations or terms will modify, vary or
26 contradict the terms of this Settlement Agreement.

27 72. Amendment or Modification. No amendment, change, or modification to this Settlement
28 Agreement will be valid unless in writing and signed, either by the Parties or their counsel, and approved

1 by the Court.

2 73. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and
3 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
4 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant
5 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
6 effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each
7 other and use their best efforts to effect the implementation of the Settlement. If the Parties are unable to
8 reach agreement on the form or content of any document needed to implement the Settlement, or on any
9 supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties
10 may seek the assistance of the Court to resolve such disagreement.

11 74. Binding on Successors and Assigns. This Settlement Agreement will be binding upon,
12 and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

13 75. California Law Governs. All terms of this Settlement Agreement and Exhibits hereto
14 will be governed by and interpreted according to the laws of the State of California.

15 76. Execution and Counterparts. This Settlement Agreement is subject only to the execution
16 of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All
17 executed counterparts and each of them, including electronic (e.g., DocuSign), facsimile, and scanned
18 copies of the signature page, will be deemed to be one and the same instrument.

19 77. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this
20 Settlement Agreement is a fair, adequate and reasonable settlement of the Action and have arrived at this
21 Settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account
22 all relevant factors, present and potential. The Parties further acknowledge that they are each represented
23 by competent counsel and that they have had an opportunity to consult with their counsel regarding the
24 fairness and reasonableness of this Settlement.

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

1 79. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class
2 certification for purposes of this Settlement only; except, however, that Plaintiffs or Class Counsel may
3 appeal any reduction to the Attorneys' Fees and Costs below the amount they request from the Court,
4 and either party may appeal any court order that materially alters the Settlement Agreement's terms.

5 80. Class Action Certification for Settlement Purposes Only. The Parties agree to stipulate to
6 class action certification for purposes of the Settlement only. If, for any reason, the Settlement is not
7 approved, the stipulation to certification will be void and have no force or effect. The Parties further
8 agree that certification for purposes of the Settlement is in no way an admission that class certification is
9 proper under the standard applied to contested certification motions and that this Settlement will not be
10 admissible in this or any other proceeding as evidence that (i) a class should be certified as Plaintiffs
11 proposed or (ii) Defendant is liable to Plaintiffs or the Class as Plaintiffs allege..

12 81. Non-Admission of Liability. The Parties enter into this Settlement to resolve the dispute
13 that has arisen between them and to avoid the burden, expense and risk of continued litigation. In
14 entering into this Settlement, Defendant does not admit, and specifically denies, that it violated any
15 federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or
16 any other applicable laws, regulations or legal requirements; breached any contract; violated or breached
17 any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with
18 respect to its employees. Neither this Settlement Agreement, nor any of its terms or provisions, nor any
19 of the negotiations connected with it, will be construed as an admission or concession by Defendant of
20 any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to
21 enforce the terms of this Settlement, this Settlement Agreement and its terms and provisions will not be
22 offered or received as evidence in any action or proceeding to establish any liability or admission on the
23 part of Defendant or to establish the existence of any condition constituting a violation of, or a non-
24 compliance with, federal, state, local or other applicable law.

25 82. No Public Comment: Prior to Preliminary Approval, the Parties and their counsel agree
26 that they will not issue any press releases, initiate any contact with the press, respond to any press
27 inquiry, or have any communication with the press about the fact, amount or terms of the Settlement. In
28 addition, prior to Preliminary Approval, the Parties and their counsel agree that each of them will not

disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Settlement Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (a) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Settlement Agreement confidential; (b) to the extent necessary to report income to appropriate taxing authorities; (c) counsel in a related matter; (d) in response to a court order or subpoena; or (e) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class Counsel, Defendant, and Defense Counsel separately agree not to, directly, or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, with any third party regarding this Settlement Agreement or the matters giving rise to this Settlement Agreement except to respond only that "the matter was resolved," or words to that effect.

83. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

84. Enforcement Actions. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

85. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arms'-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

86. Representation By Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and that this Settlement Agreement has been executed with the consent and advice of counsel. Further,

Plaintiffs and Class Counsel warrant and represent that there are no liens on the Settlement Agreement.

87. All Terms Subject to Final Court Approval. All amounts and procedures described in this Settlement Agreement herein will be subject to final Court approval.

88. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement.

89. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

READ CAREFULLY BEFORE SIGNING

Dated: 8/6/2024

PLAINTIFF

DocuSigned by:
Oscar Cancino
EA1A258FD7F84C2
Oscar Cancino

Dated: 8/6/2024

PLAINTIFF

DocuSigned by:
Marcos Mendiola
82978C88608145D
Marcos Mendiola

DEFENDANT COTTON ON USA INC.

Dated:

Please Print Name of Authorized Signatory

1 Plaintiffs and Class Counsel warrant and represent that there are no liens on the Settlement Agreement.

2 87. All Terms Subject to Final Court Approval. All amounts and procedures described in
3 this Settlement Agreement herein will be subject to final Court approval.

4 88. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good
5 faith and execute all documents to the extent reasonably necessary to effectuate the terms of this
6 Settlement Agreement.

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8 enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully
9 enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in
10 any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that
11 otherwise might apply under federal or state law.

12 **READ CAREFULLY BEFORE SIGNING**

13 **PLAINTIFF**

14 Dated: _____

15 Oscar Cancino

16 **PLAINTIFF**

17 Dated: _____

18 Marcos Mendiola

19 **DEFENDANT COTTON ON USA INC.**

Signed by:

20 *Michael Hardwick*

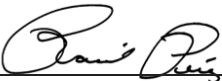
21 Dated: _____

22 Please Print Name of Authorized Signatory
23 Michael Hardwick

APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: 08/06/2024

By: 

Raul Perez

Attorneys for Plaintiff Oscar Cancino and Marcos
Mendiola

GREENBERG TRAURIG, LLP

Dated: _____

By: _____

Lindsay E. Hutner

Taylor Hall

Attorneys for Defendant Cotton On USA Inc.

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APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: _____

By: _____

Raul Perez
Attorneys for Plaintiff Oscar Cancino and Marcos
Mendiola

GREENBERG TRAURIG, LLP

Docusigned by:

Dated: _____

By: Lindsay Hutner _____

Lindsay E. Hutner
Taylor Hall
Attorneys for Defendant Cotton On USA Inc.

Exhibit A

Cancino v. Cotton on USA Inc., No. 22CV405002
SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF SANTA CLARA
NOTICE OF CLASS ACTION SETTLEMENT

You are not being sued. This notice affects your rights. Please read it carefully

To: All persons who worked for Defendant Cotton On USA Inc. (“Defendant”) as non-exempt, hourly paid retail employees, excluding Store Managers, in California at any time during the period from October 20, 2018 through August 26, 2024 (“Class Members”).

All persons who worked for Defendant as non-exempt, hourly paid retail employees, excluding Store Managers, in California at any time during the period from November 23, 2021 through August 26, 2024 (“PAGA Members”).

On _____, the Honorable Theodore C. Zayner of the Santa Clara County Superior Court granted preliminary approval of this class action settlement and ordered the litigants to notify all Class Members of the settlement. **You have received this notice because Defendant’s records indicate that you are a Class Member, and therefore entitled to a payment from the settlement.**

Unless you choose to opt out of the settlement by following the procedures described below, you will be deemed a Class Member and, if the Court grants final approval of the settlement, you will be mailed a check for your share of the settlement fund. The Final Fairness Hearing on the adequacy, reasonableness, and fairness of the Settlement will be held at __:00 __m. on _____, 2025 in Department 19 of the Santa Clara County Superior Court located at 161 North First Street San Jose, California 95113.

Please also note that the Final Fairness Hearing may be rescheduled by the Court to another date and/or time. Please visit [settlement website] for any scheduling changes. Class members may appear at the final approval hearing in person or remotely using the Microsoft Teams link for Department 19 (Afternoon Session), and should review the remote appearance instructions beforehand: https://www.sccscourt.org/general_info/ra_teams/video_hearings_teams.shtml Class members who wish to appear remotely are encouraged to contact class counsel at least three days before the hearing, if possible, so that potential technology or audibility issues can be avoided or minimized.

If you move, you must send the Settlement Administrator your new address; otherwise, you may never receive your settlement payment. It is your responsibility to keep a current address on file with the Settlement Administrator.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don’t Have to Do Anything to Participate in the Settlement	If you do nothing, you will be deemed a “Participating Class Member,” and will be eligible for a payment from the Net Settlement Fund and, if you are also a PAGA Member, the PAGA Fund. In exchange, you will be bound by the terms of the proposed Settlement and give up your right to assert wage and hour claims against Defendant based on the same facts alleged in the Action during the Class Period.
---	--

You Can Opt-out of the Class Settlement but not the PAGA Settlement	If you don't want to participate in the proposed class settlement, you can opt-out of the class settlement by sending the Settlement Administrator a written Request for Exclusion. Once excluded, you will no longer be eligible for a payment from the Net Settlement Fund and will not be bound by the terms of the proposed class settlement.
The Opt-out Deadline is [DATE]	You cannot opt-out of the PAGA portion of the proposed Settlement. PAGA Members remain eligible to receive a payment from the PAGA Fund and must give up their rights to pursue PAGA penalty claims against Defendants based on the facts alleged in the Action during the PAGA Period.
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by [DATE]	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed class settlement, but not the PAGA settlement.
You Can Participate in the [DATE] Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on [DATE] in Department 19 of the Santa Clara County Superior Court located at 161 North First Street San Jose, California 95113. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. If the Court grants final approval of the Settlement despite your objection, you will receive a payment from the Net Settlement Fund and you will be bound by the terms of the Settlement and Release.

Summary of the Litigation

Plaintiffs Oscar Cancino and Marcos Mendiola, on their behalf and on behalf of other current and former non-exempt employees, and as aggrieved employees pursuant to the Private Attorney Generals Act ("PAGA"), allege that Defendant violated California state labor laws as a result of its alleged failure to, among other things: (1) pay minimum and overtime wages to employees for all hours worked; (2) provide employees with meal and rest breaks; (3) timely pay all wages owed to employees during each pay period and upon termination of their employment; (4) reimburse employees for necessary business expenses; and (5) provide employees with accurate, itemized wage statements.

After the exchange of relevant information and evidence, the parties agreed to enter into settlement negotiations in an attempt to informally resolve the claims in the case. On June 27, 2024, the parties participated in a mediation with Daniel Turner, Esq., an experienced and well-respected class action mediator. With Mr. Turner's guidance, the parties were able to negotiate a complete settlement of Plaintiffs' claims.

Counsel for Plaintiffs, and the attorneys appointed by the Court to represent the class, Capstone Law APC ("Class Counsel"), have investigated and researched the facts and circumstances underlying the issues raised in the case and the applicable law. While Class Counsel believe that the claims alleged in this lawsuit have merit, Class Counsel also recognize that the risk and expense of continued litigation justify settlement. Based on the foregoing, Class Counsel believe the proposed settlement is fair, adequate, reasonable, and in the best interests of Class Members.

Defendant has denied, and continues to deny, the factual and legal allegations in the case and believes that it has valid defenses to Plaintiffs' claims. By agreeing to settle, Defendant is not admitting liability on any of the factual allegations or

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

claims in the case or that the case can or should proceed as a class action. Defendant has agreed to settle the case as part of a compromise with Plaintiffs.

Summary of The Proposed Settlement Terms

Plaintiffs and Defendant have agreed to settle the underlying class claims in exchange for a Gross Settlement Amount of \$2,150,000. This amount is inclusive of: (1) individual settlement payments to all Participating Class Members; (2) Class Representative Enhancement Payments of \$10,000, each, to Oscar Cancino and Marcos Mendiola for their services on behalf of the class, and for a release of all claims arising out of their employment with Defendant; (3) \$716,667 in attorneys' fees and up to \$40,000 in litigation costs and expenses; (4) a \$25,000 settlement of claims under PAGA, inclusive of a \$18,750 payment to the California Labor and Workforce Development Agency ("LWDA") in connection with the PAGA, and a \$6,250 payment ("PAGA Fund") to all PAGA Members; and (5) reasonable Settlement Administrator's fees and expenses currently estimated at \$_. After deducting the above payments, a total of approximately \$_ will be allocated to Class Members who do not opt out of the Settlement Class ("Net Settlement Fund"). Additionally, all PAGA Members will receive a proportional share of the \$6,250 PAGA Fund, regardless whether they opt out of the Settlement Class.

Payments from Net Settlement Fund. Defendant will calculate the total number of Workweeks worked by each Class Member from October 20, 2018 through August 26, 2024 ("Class Period") and the aggregate total number of Workweeks worked by all Class Members during the Class Period. To determine each Class Member's estimated share of the Net Settlement Fund, the Settlement Administrator will use the following formula: The Net Settlement Fund will be divided by the aggregate total number of Workweeks during the Class Period, resulting in the "Workweek Value." Each Class Member's share of the Net Settlement Fund will be calculated by multiplying each individual Class Member's total number of Workweeks by the Workweek Value. The Individual Settlement Payment will be reduced by any required deductions for each Class Members as specifically set forth herein, including employee-side tax withholdings or deductions. If there are any valid and timely Requests for Exclusion, the Settlement Administrator shall proportionately increase each Participating Class Member's share of the Net Settlement Fund according to the number of Workweeks worked, so that the amount actually distributed to the Settlement Class equals 100% of the Net Settlement Fund.

According to Defendant's records, you worked during the Class Period in a non-exempt qualified position for a total of ____ Workweeks. Accordingly, your estimated payment from the Net Settlement Fund is approximately \$ ____.

Payments from PAGA Fund. Defendant will calculate the total number of Workweeks worked by each PAGA Member from November 23, 2021 through August 26, 2024 ("PAGA Period") and the aggregate total number of Workweeks worked by all PAGA Members during the PAGA Period. To determine each PAGA Member's estimated share of the PAGA Fund, the Settlement Administrator will use the following formula: The PAGA Fund will be divided by the aggregate total number of Workweeks during the PAGA Period, resulting in the "PAGA Workweek Value." Each PAGA Member's share of the PAGA Fund will be calculated by multiplying each individual PAGA Member's total number of Workweeks by the PAGA Workweek Value. A Request for Exclusion does not exclude a PAGA Member from the release of claims under California Labor Code §§ 2698, *et seq.* and the PAGA Member will receive their portion of the PAGA fund even if he/she/they submits a valid Request for Exclusion.

According to Defendant's records, you worked during the PAGA Period in a non-exempt qualified position for a total of ____ Workweeks. Accordingly, your estimated payment from the PAGA Fund is approximately \$ ____.

Your Estimated Payment: Based on the above, your estimated payment from the settlement is approximately \$ _____. If you believe the Workweek information provided above is incorrect, please contact the Settlement Administrator to dispute the calculation. You must attach all documentation in support of your dispute (such as check stubs, W2s, or letters from HR). All disputes must be postmarked or faxed on or before [insert date of Response Deadline] and must be sent to:

Settlement Administrator
c/o _____

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

Fax No. _____

If you dispute the information stated above, Defendant's records will control unless you are able to provide documentation that establishes otherwise.

Taxes on Settlement Payments. IRS Forms W-2 and 1099 will be distributed to participating Class Members and the appropriate taxing authorities reflecting the payments they receive under the settlement. Class Members should consult their tax advisors concerning the tax consequences of the payments they receive under the Settlement. For purposes of this settlement, 25% of each settlement payment will be allocated as wages for which IRS Forms W-2 will be issued, and 75% will be allocated as non-wages for which IRS Forms 1099-MISC will be issued. Payments issued to PAGA Members from the PAGA Fund will be treated as non-wages for which IRS Forms 1099-MISC will be issued.

Your Options Under the Settlement

Option 1 – Automatically Receive a Payment from the Settlement

If you want to receive your payment from the settlement, then no further action is required on your part. You will automatically receive your settlement payment from the Settlement Administrator if and when the Settlement receives final approval by the Court.

If you choose **Option 1**, and if the Court grants final approval of the settlement, you will be mailed a check for your share of the settlement funds. In addition, you will be deemed to have released or waived the Released Class Claims, and if you are also a PAGA Member, the Released PAGA Claims:

Released Class Claims: All claims, rights, demands, liabilities, and causes of action alleged or which could reasonably have been alleged in the Action based on the same set of operative facts alleged in the operative Complaint and Plaintiffs' letters to the LWDA. The Released Class Claims are those that accrued during the Class Period.

Released PAGA Claims: All claims, rights, demands, liabilities, and causes of action for PAGA civil penalties under California Labor Code §§ 2698, *et seq.*, alleged or which could reasonably have been alleged in the Action based on the same set of operative facts alleged in Plaintiffs' letters to the LWDA and the operative Complaint during the PAGA Period.

Option 2 – Opt Out of the Settlement

If you do not wish to participate in the settlement, you may exclude yourself from participating by submitting a written request to the Settlement Administrator expressly and clearly indicating that you have received this Notice of Class Action Settlement, decided not to participate in the settlement, and desire to be excluded from the settlement. The written request for exclusion must include your name, signature, address, telephone number, and last four digits of your Social Security Number. Sign, date, and mail the request for exclusion by First Class U.S. Mail or equivalent, to the address below.

Settlement Administrator

c/o _____

The Request for Exclusion must be postmarked or faxed not later than _____, 2025. If you submit a Request for Exclusion which is not postmarked or faxed by _____, 2025, your Request for Exclusion will be rejected, and you will be included in the settlement class.

If you choose **Option 2**, you will no longer be a Class Member, and you will:

- Not Receive a Payment from the Net Settlement Fund.

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

- Not release the Released Class Claims.
- If you are a PAGA Member, you will still release the Released PAGA Claims, and will receive a payment from the PAGA Fund.

Option 3 – Object to the Settlement

If you decide to object to the settlement because you find it unfair or unreasonable, you may submit a written objection stating why you object to the settlement, or you may instead appear at the Final Fairness Hearing to object to the Settlement, either in person, telephonically, or through an attorney, provided you notify the Court of your intention to do so. Written objections must provide: (1) your full name, signature, address, and telephone number, (2) a written statement of all grounds for the objection accompanied by any legal support for such objection; (3) copies of any papers, briefs, or other documents upon which the objection is based; and (4) a statement about whether you intend to appear at the Fairness Hearing. The objection must be mailed to the administrator at [administrator’s address].

All written objections must be received by the administrator by not later than _____ 2025. By submitting an objection, you are not excluding yourself from the settlement. To exclude yourself from the settlement, you must follow the directions described above. Please note that you cannot both object to the settlement and exclude yourself. You must choose one option only.

All written objections, supporting papers and/or notices of intent to appear at the Final Approval Hearing must (a) clearly identify the case name and number (Cancino v. Cotton On USA Inc., Case Number 22CV405002), (b) be submitted to the Court either by mailing the objection to: Clerk of the Court, Superior Court of California, County of Santa Clara, 161 North First Street San Jose, California 95113, or by filing in person at the same location; (c) also be mailed to the law firms identified (Capstone Law APC, 1875 Century Park East, Suite 1000, Los Angeles, CA 90067 and Greenberg Traurig LLP, 101 Second St. Ste. 2200, San Francisco, CA 94105). You may also, if you wish, appear at the Final Fairness Hearing set for _____ at _____ a.m./p.m. in the Superior Court of the State of California, for the County of Santa Clara and discuss your objection with the Court and the Parties at your own expense. You may also retain an attorney to represent you at the hearing.

If you choose **Option 3**, you will still be entitled to the money from the settlement. If the Court overrules your objection, you will be deemed to have released the Released Class Claims and Released PAGA Claims.

Additional Information

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement, you are referred to the detailed Settlement Agreement, which is on file with the Clerk of Court. The pleadings and other records in this litigation, including the Settlement Agreement, may be examined (a) online on the Superior Court of California, County of Santa Clara’s Electronic Filing and Service Website at www.scefiling.org and www.scscourt.org, or (b) in person at Records, Superior Court of California, County of Santa Clara, 161 North First Street San Jose, California 95113, between the hours of 8:30 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays and closures, or you may contact Class Counsel or the Settlement Administrator.

Raul Perez
Capstone Law APC
 1875 Century Park E., Suite 1000
 Los Angeles, CA 90067
 Phone: Number

PLEASE DO NOT TELEPHONE THE COURT OR DEFENDANT’S COUNSEL FOR INFORMATION REGARDING THE SETTLEMENT OR THE CLAIM PROCESS.

Questions? Contact the Settlement Administrator toll free at 1-*-***-******