CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement ("Agreement") is made by and between Plaintiffs Jose Berumen, Jorge Cortes Sanchez, and Ernesto Flores ("Plaintiffs") and Defendants McKinley Packaging LA Company and U.S. Corrugated of Los Angeles, Inc. (collectively "Defendants"). The Agreement refers to Plaintiffs and Defendants collectively as "Parties," or separately as "Party."

1. <u>DEFINITIONS</u>

1.1. "Action" means Plaintiffs' consolidated lawsuits alleging wage and hour violations and PAGA claims against Defendants captioned *Berumen v. McKinley Packaging LA Company, et. al.* ("Berumen") initiated on May 2, 2023, Case No. 23STCV09763, *Flores v. McKinley Packaging LA Company* ("Flores") initiated on February 22, 2024, Case No. 24STCV04481, and *Sanchez v. McKinley Packaging LA Company, et. al.* ("Sanchez") initiated on October 31, 2023, Case No: 23STCV26578, all pending in the Los Angeles Superior Court, with the *Berumen* action, Case No. 23STCV09763 as the lead case.

1.2. "Administrator" means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3. "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator's "not to exceed" bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4. "Aggrieved Employee" means a non-exempt hourly-paid employee employed by Defendants in the State of California who worked for Defendants during the PAGA Period.

1.5. "Class" means all of Defendants' current and former non-exempt hourly-paid employees employed by Defendants in the State of California who worked for Defendants during the Class Period from April 23, 2023 through April 12, 2025 or the date of Preliminary Approval, whichever is earlier.

1.6. "Class Counsel" means Bradley/Grombacher LLP, Majarian Law Group APC, and Haines Law Group APC, including Marcus Bradley, Kiley Grombacher, Garen Majarian, Sahag Majarian, Paul Haines, Fletcher W. Schmidt, and Andrew J. Rowbotham.

1.7. "Class Counsel Fees Payment" and "Class Counsel Litigation Expenses Payment" mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action.

1.8. "Class Data" means Class Members' identifying information in Defendants' possession including the Class Member's name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.

1.9. "Class Member" or "Settlement Class Member" means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

1.10. "Class Member Address Search" means the Administrator's investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.11. "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 and incorporated by reference into this Agreement.

1.12. "Class Period" means the earlier of: (i) the period from April 23, 2023 through April 15, 2025; or the date of Preliminary Approval.

1.13. "Class Representative" means the named Plaintiffs in the Action seeking Court approval to serve as Class Representative.

1.14. "Class Representative Service Payment" means the payment to the Class Representative for initiating the Action and providing services in support of the Action.

1.15. "Court" means the Los Angeles Superior Court.

1.16. "Defendants" means named Defendants McKinley Packaging LA Company, and U.S. Corrugated of Los Angeles, Inc.

1.17. "Defense Counsel" means Jackson Lewis P.C., including Leonora M. Schloss, and Jing Tong.

1.18. "Effective Date" means the date when all of the following events have occurred: (1) this Class Action and PAGA Settlement Agreement has been executed by all Parties, Class Counsel, and Defendants' Counsel; (2) the Court has given preliminary approval to this Class Action and PAGA Settlement Agreement; (3) the Class Notice has been given to the putative members of the Settlement Class, providing them with an opportunity to object to the terms of this Agreement or opt out of the settlement; (4) the Court has held a formal fairness hearing and entered a final Order and Judgment certifying the Settlement Class, dismissing the Action with prejudice, approving the Class Action and PAGA Settlement Agreement, and retaining jurisdiction to enforce the terms of the Agreement and/or final Order and Judgment; (5) 65 calendar days have passed since the Court has entered a final Order and Judgment certifying the Settlement Class, dismissing the Action with prejudice, approving this Class Action and PAGA Settlement Agreement, and retaining jurisdiction to enforce the terms of the Agreement and/or final Order and Judgment; and (6) either (i) five business days after the period for filing any appeal, writ, motion, ex parte application, late objection, or other appellate proceeding opposing the Court's Entry of Judgment has elapsed without any appeal, writ, motion, ex parte application, late objection, or other appellate proceeding having been filed; or (ii) if any appeal, writ, motion, ex parte application, late objection, or other appellate proceeding opposing or seeking to vacate the Court's Judgment or final Order approving this Class Action and PAGA Settlement Agreement, in whole or in part, has been filed, five business days after any appeal, writ, motion, ex parte application, late objection, or other appellate proceedings opposing this Class Action and PAGA Settlement Agreement or seeking to vacate the Judgment has been finally and conclusively dismissed with no right to pursue further remedies or relief.

1.19. "Final Approval" means the Court's order granting final approval of the Settlement.

1.20. "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.

1.21. "Final Judgment" means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.22. "Gross Settlement Amount" means Four Hundred Ninety-Five Thousand Dollars and Zero Cents ($495,000.00) which is the total amount Defendants agree to pay under the Settlement except as provided in Section 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, the Class Representative Service Payment, and the Administrator's Expenses. Defendants shall pay employer-side payroll taxes with funds separate from and in addition to the Gross Settlement Amount.

1.23. "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.24. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

1.25. "Judgment" means the judgment entered by the Court based upon the Final Approval.

1.26. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).

1.27. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.28. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, the Class Representative Service Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.29. "Non-Participating Class Member" means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion, time being of the essence.

1.30. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendants for at least one day during the PAGA Period.

1.31. "PAGA Period" means the period from April 30, 2023 through April 15, 2025 or the date of Preliminary Approval.

1.32. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698, et seq.).

1.33. "PAGA Notice" means Plaintiff Jose Berumen's letter dated May 1, 2023, Plaintiff Ernesto Flores' letter dated February 22, 2024, and Plaintiff Jorge Cortes Sanchez's letter dated October 31, 2023 to Defendants and the LWDA providing notice pursuant to Labor Code section 2699.3, subd. (a).

1.34. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees ($6,250.00) and the 75% to the LWDA ($18,750.00) in settlement of the PAGA claims.

1.35. "Participating Class Member" means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement, time being of the essence.

1.36. "Plaintiffs" means Jose Berumen, Jorge Cortes Sanchez, Ernesto Flores, the named Plaintiffs in the Action.

1.37. "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.

1.38. "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

1.39. "Released Class Claims" means the claims being released as described in Section 5.2 below.

1.40. "Released PAGA Claims" means the claims being released as described in Section 5.3 below.

1.41. "Released Parties" means: Defendants and all their present and former parent companies, direct and indirect subsidiaries, members, joint ventures, owners, principals, agents, divisions, and their respective related or affiliated companies, shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns, and any individual or entity which could be liable for any of the Released Claims, and Defendants' counsel of record in the Action.

1.42. "Request for Exclusion" means a Class Member's submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.43. "Response Deadline" means 45 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail their written Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline expiration date.

1.44. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

1.45. "Workweek" means any week during which a Class Member worked for Defendants for at least one day during the Class Period.

2. <u>RECITALS</u>

2.1. On May 2, 2023, Plaintiff Berumen filed his class action complaint and amended his complaint on September 12, 2023 to include a PAGA claim. On October 31, 2023, Plaintiff Sanchez filed his class complaint and amended his complaint on April 2, 2024, to include a PAGA claim. On February 22, 2024, Plaintiff Flores filed his class action complaint. On August 27, 2024, the Parties agreed to consolidate the *Berumen*, *Sanchez* and *Flores* cases with the *Berumen* case to be the lead case. The *Berumen* operative class and PAGA complaint alleges the following causes of action: (1) Failure to Pay Overtime Wages in Violation of Labor Code Sections 510 and 1198; (2) Failure to Pay all Wages and Minimum Wages in Violation of Labor Code Sections 221, 223, 1182, 1194, 1197 and 1198; (3) Failure to Provide Meal Periods in Violation of Labor Code Sections 226.7, 512, 516 and 1198; (4) Failure to Provide Rest Periods in Violation of Labor Code Sections 226.7, 516, 1198; (5) Failure to Timely Furnish Accurate Itemized Wage Statements in Violation of Labor Code Section 225(a) and Failure to Maintain Accurate Records; (6) Failure to Provide Suitable Seating in Violation of Labor Code Section 1198; (7) Failure to Timely Pay Wages During Employment in Violation of Labor Code Section 204; (8) Waiting Time Penalties Pursuant to Labor Code Sections 201, 203; (9) Failure to Adopt Standards that Minimize Excessive Indoor Heat in Violation of California Labor Code Sections 6720, 226.7; (10) Failure to Reimburse Business Expenses in Violation of Labor Code Section 2801; (11) Violation of Business & Professions Code Section 17200 *et. seq*.; (12) Civil Penalties Pursuant to PAGA Labor Code §2698, *et. seq*. ("Operative Complaint"). Defendants deny the allegations in Plaintiffs' Operative Complaint.

2.2. Pursuant to Labor Code section 2699.3, subd. (a), Plaintiffs Berumen, Sanchez and Flores gave timely written notice to Defendants and the LWDA by sending the PAGA Notice.

2.3. On February 11, 2025, Plaintiffs and Defendants, by and through Class Counsel and Defense Counsel respectively, participated in an all-day mediation presided over by Brandon McKelvey which led to this Agreement to settle the Action.

2.4. Prior to mediation, Plaintiffs obtained, through informal discovery, time records, pay records, and other information relating to the size and scope of the Class, as well as data permitting Plaintiffs to fully understand the nature and scope of the allegations. Plaintiffs were also aware that Defendants had previously settled another class and PAGA action, in the *Sarzeno v. McKinley et. al.* class and PAGA action, in the Los Angeles Superior Court, Case No. 21STCV23938, which settled many of the class and PAGA claims in the Action. Plaintiffs' investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").

2.5. The Court has not granted class certification.

2.6. The Parties, Class Counsel, and Defense Counsel represent that, other than Plaintiffs' Action, they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS

3.1. Gross Settlement Amount. Except as otherwise provided by Section 9 below, Defendants promise to pay Four Hundred and Ninety-Five Thousand Dollars and Zero Cents ($495,000.00) and no more as the Gross Settlement Amount. Defendants have no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Section 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants. Defendants shall pay employer-side payroll taxes with funds separate from and in addition to the Gross Settlement Amount.

3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:

3.2.1. To Plaintiffs: A Class Representative Service Payment to the Class Representatives of not more than Ten Thousand Dollars and Zero Cents ($10,000.00) to each Plaintiff for a total of Thirty Thousand Dollars and Zero Cents, in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representatives are entitled to receive as a Participating Class Member. As part of the motion for Class Counsel Fees Payment and Litigation Expenses

Payment, Plaintiffs will seek Court approval for any Class Representative Service Payment by the deadline set by the Court in the Preliminary Approval. If the Court approves a Class Representative Service Payment for less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the individual Class Representative Service Payment.

3.2.2. To Class Counsel: A Class Counsel Fees Payment not to exceed 33.3%of the Gross Settlement Amount, which is currently estimated to be One Hundred Sixty-Four Thousand Eight Hundred and Thirty-Five Dollars and Zero Cents ($164,835.00) and a Class Counsel Litigation Expenses Payment of not more than Thirty Thousand Dollars and Zero Cents ($30,000.00). Plaintiffs and/or Class Counsel will file a motion for Class Counsel Fees Payment and Litigation Expenses Payment by the deadline set by the Court in the Preliminary Approval. 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 Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. 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 Defendants harmless, and indemnifies Defendants, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed Seven Thousand Five Hundred Dollars and Zero Cents ($7,500.00) except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than $7,500.00, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4. To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1. Tax Allocation of Individual Class Payments: 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The other 80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage

Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment. Defendants shall pay employer-side payroll taxes with funds separate from and in addition to the Gross Settlement Amount.

3.2.4.2. Effect of Non-Participating Class Members on Calculation of Individual Class Payments: Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of TWENTY-FIVE THOUSAND ($25,000.00) to be paid from the Gross Settlement Amount, with 75% ($18,750.00) allocated to the LWDA PAGA Payment and 25% ($6,250.00) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties ($6,250.00) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS

4.1. Class Workweeks and Aggrieved Employee Pay Periods: Based on a review of their records at the time of settlement, Defendants estimated there were approximately 257 Class Members who collectively worked a total of 15,030 Workweeks, and 257 Aggrieved Employees who worked a total of 15,030 PAGA Periods.

4.2. Class Data: Not later than 21 days after the Court grants Preliminary Approval of the Settlement, Defendants will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect 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 Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendants have a continuing duty to immediately notify Class Counsel if they discover that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3. Funding of Gross Settlement Amount: Defendants shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than 25 days after the Effective Date.

4.4. Payments from the Gross Settlement Amount: Within 14 days after Defendants fund the Gross Settlement Amount, the Administrator will mail checks or wire funds for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4.4.1. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Class Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database

4.4.2. The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are retuned undelivered without a USPS forwarding address. Within 5 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 Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.

4.4.3. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the

Administrator shall transmit the funds in equal amounts to *cy pres* recipients, Counsel for Justice Los Angeles County Bar Association.

4.4.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendants to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. **<u>RELEASE OF CLAIMS</u>**. Effective on the date when Defendants fully fund the entire Gross Settlement Amount, Plaintiffs, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1. <u>Plaintiffs' Release</u>: Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge the 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 Plaintiffs have or may have against the Released Parties as of the date of execution of this Agreement ("Plaintiffs' Released Claims"). 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 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 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' Release 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, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiffs acknowledge that Plaintiffs 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 agrees, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

5.1.1. <u>Plaintiffs' Waiver of Rights Under California Civil Code Section 1542</u>: For purposes of Plaintiffs' Release, 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.

5.2. 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 the Released Parties from all claims during the Class Period alleged, or that reasonably could be alleged based on the facts asserted, in the Operative Complaint in the Action, including without limitation claims for violation of California Labor Code sections 201, 202, 203, 204, 204b, 210, 218.6, 221, 223, 226, 226(a), 226.3, 226.7, 500, 510, 512, 516, 558, 558.1, 1174, 1174.5, 1182, 1182.12 1194, 1194.2, 1197, 1197.1, 1198, 2802, 6720 California Industrial Commission Wage Order No. 4-2001, and Business and Professions Code sections 17200, et seq., and including all claims for alleged failure to provide meal periods, failure to provide rest periods, failure to pay overtime wages, failure to pay all wages and minimum wages, failure to pay all wages due to discharged and quitting employees, failure to timely pay wages during employment, failure to timely furnish accurate itemized wage statements, failure to furnish accurate itemized wage statements, failure to maintain accurate records, failure to indemnify employees for necessary expenditures incurred in discharge of duties, failure to provide suitable seating, failure to adopt standards that minimize excessive indoor heat, and unfair and unlawful business practices, including, but not limited to, claims for injunctive relief, liquidated damages, penalties, interest, fees, costs, and all other claims and allegations made or which could have been made in the Action based on the facts and allegations pled in the Operative Complaint and arising during the Class Period ("Released Class Claims"). Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period. The Released Class Claims do not include any claims under PAGA.

5.3. Release by Aggrieved Employees: All Aggrieved Employees 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 claims during the PAGA Period for PAGA penalties alleged, or that reasonably could be alleged based on the facts asserted, in the Operative Complaint and the PAGA Notice, including civil penalties pursuant to PAGA for all claims including failure to provide meal periods, failure to provide rest periods, failure to pay overtime wages, failure to pay all wages and minimum wages, failure to pay all wages due to discharged and quitting employees, failure to timely pay wages during employment, failure to timely furnish accurate itemized wage statements, failure to furnish accurate itemized wage statements, failure to maintain accurate records, failure to indemnify employees for necessary expenditures incurred in discharge of duties, failure to provide suitable seating, failure to adopt standards that minimize excessive indoor heat, as well as all other claims and allegations alleged in the Action, during the PAGA Period ("Released PAGA Claims").

6. **MOTION FOR PRELIMINARY APPROVAL**. The Parties agree that Plaintiffs will prepare and file a motion for preliminary approval ("Motion for Preliminary Approval"). Plaintiffs will forward the Motion for Preliminary Approval to Defense counsel for review and approval at least five days prior to filing the Motion for Preliminary Approval.

6.1. Plaintiffs' Responsibilities: Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members; and the nature and extent of any financial relationship with Plaintiff, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, and/or the Administrator; (v) a signed declaration from Class Counsel's firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); and (vi) all facts relevant to any actual or potential conflict of interest with Class Members and/or the Administrator. In their Declarations, Plaintiffs and Class Counsel shall aver that (1) they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement other than Plaintiffs' Action, and (2) they have no conflict of interest or affiliation with the proposed *cy pres* recipients. Defense Counsel shall file a declaration attesting to the fact that Defendants and Defense Counsel are not presently aware of any conflict of interest or affiliation with the proposed *cy pres* recipients.

6.2. Responsibilities of Counsel: Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval and obtaining a prompt hearing date for the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

6.3. Duty to Cooperate: If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, 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 resolve the disagreement. 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 modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

7.1. Selection of Administrator: The Parties have jointly selected ILYM Group, Inc. to serve as the Administrator and verified that, as a condition of appointment, ILYM Group, Inc. 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 Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

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

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

7.4. Notice to Class Members:

7.4.1. No later than 3 business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and PAGA Pay Periods in the Class Data.

7.4.2. Using best efforts to perform as soon as possible, and in no event later than 45 days after the Court grants Preliminary Approval of the Settlement, the Administrator will send to all 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. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.4.3. Not later than 3 business days after the Administrator's receipt of any Class Notice returned by USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by USPS. If USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address

Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by USPS a second time.

7.4.4. The deadlines for Class Members' written objections, challenges to Workweeks and/or PAGA Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 45 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

7.4.5. If the Administrator, 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 will expeditiously meet and confer in person or by telephone, and in good faith in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

7.5. Requests for Exclusion (Opt-Outs):

7.5.1. Class Members who wish to exclude themselves from (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 45 days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or their representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address, telephone number, and signature. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline, time being of the essence. Aggrieved Employees are prohibited from requesting exclusion from the Released PAGA Claims.

7.5.2. The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's clear and convincing expression of their intent to be excluded. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of the validity and/or authenticity of a Request for Exclusion shall be final, but subject to review by the Court.

7.5.3. Every 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 Participating Class Members' Release under Section 5.2 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

7.5.4. Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Section 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

7.6. Challenges to Calculation of Workweeks: Each Class Member shall have 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email, or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks and/or PAGA Pay Periods contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or PAGA Pay Periods shall be final, but subject to review by the Court. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or PAGA Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges.

7.7. Objections to Settlement:

7.7.1. Only Participating Class Members may object to the class action components 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 Class Representative Service Payment.

7.7.2. Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present oral objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than 45 days after the Administrator's mailing of the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice was re-mailed).

7.7.3. Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

7.7.4. Aggrieved Employees are not permitted to object to any of the PAGA components of the Settlement.

7.8. Administrator 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.

7.8.1. Email Address and Toll-Free Number: The Administrator will maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes, and emails.

7.8.2. Requests 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 5 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 Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; and (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

7.8.3. 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 PAGA Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must provide the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

7.8.4. Workweek and/or PAGA Pay Period Challenges: The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or PAGA Pay Periods. The Administrator's decision shall be final, but subject to Court review.

7.8.5. Administrator's Declaration: Not later than 14 days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a draft 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 Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate 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 signed declaration(s) in Court.

7.8.6. Final Report by Settlement Administrator: Within 10 days after the Administrator disburses all funds in 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 14 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a draft 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 signed declaration in Court.

8. CLASS SIZE ESTIMATES AND ESCALATOR CLAUSE. Based on their records, Defendants estimated that, as of the date of the mediation, there were 257 Class Members who collectively worked a total of 15,030 Workweeks during the Class Period, and 345 Aggrieved Employees who worked a total of 15,030 PAGA Periods. If, at the end of the Class Period, the actual total workweeks worked by Class Members during the Class Period exceeds 17,285 total workweeks (i.e., approximately 15%), Defendants, at their sole discretion, shall either: (i) increase the Gross Settlement Amount on a proportional basis for those workweeks worked in excess of 17,285 total workweeks (*e.g.*, if the number of workweeks increase by approximately 16%, Defendants shall increase the Gross Settlement Amount by 1%) (the "Escalator Clause") or (ii) elect to cut off the Class Period as of the date the total workweeks worked by Class Members during the Class Period does not exceed 17,285. Defendants must notify Class Counsel of the actual number of Workweeks during the Class Period no later than 28 days after this Class Action and PAGA Settlement Agreement has been executed by all Parties, Class Counsel, and Defendants' Counsel, and, if this clause is triggered, Defendants must notify Class Counsel which option it chooses before Plaintiffs file a Motion for Preliminary Approval.

9. DEFENDANTS' RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List equals or exceeds 5% of the total of all Class Members and/or if the combined Workweeks worked by Class Members who timely exclude themselves amounts to more than 5% of the total Workweeks worked by all Class Members, Defendants may elect, but are not obligated, to withdraw from the Settlement. The Parties agree that, if Defendants withdraw, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendants will remain responsible for paying all Settlement Administration Expenses incurred to that point. Defendants must notify Class Counsel and the Court of their election to withdraw not later than 14 days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

10. <u>MOTION FOR FINAL APPROVAL</u>. Unless otherwise ordered by the Court, not later than 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, subd. (l), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiffs shall provide drafts of these documents to Defense Counsel no later than 5 business days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

10.1. <u>Response to Objections</u> 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 no later than 5 court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

10.2. <u>Duty to Cooperate</u>: 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 the release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

10.3. <u>Continuing Jurisdiction of the Court</u>: The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement 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.

10.4. <u>Waiver of Right to Appeal</u>: Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment set forth in this Settlement, 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 Amount.

10.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment: If the reviewing appellate 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 the release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after a mandate is issued. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment 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.

11. AMENDED JUDGMENT. If any amended judgment is required, the Parties will work together in good faith to jointly submit a proposed amended judgment.

12. ADDITIONAL PROVISIONS.

12.1. No Admission of Liability, Class Certification or Representative Manageability for Other Purposes: This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendants that any of the allegations in the Operative Complaint have merit or that Defendants have any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant Preliminary Approval, Final Approval, or enter Judgment, Defendants reserve the right to contest certification of any class for any reasons, and Defendants reserve all available defenses to the claims in the Action, and Plaintiffs reserves the right to move for class certification on any grounds available and to contest Defendants' defenses. The Settlement, this Agreement, and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

12.2. Confidentiality Prior to Preliminary Approval: The Parties agree that, until the Motion for Preliminary Approval of Settlement is filed, they and 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 Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except:(1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; (5) in response to an inquiry or subpoena issued by a state or federal government agency; or (6) to the extent necessary to obtain estimates from potential settlement administrators. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendants, 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 Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect, with the exception of seeking estimates from potential settlement administrators. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members, nor Defendants' usual and customary communications with Class Members in the ordinary course of their regular business activities unrelated to the Action.

12.3. No Solicitation: The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment.

12.4. 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 oral representations, warranties, covenants, or inducements made to or by any Party.

12.5. Attorney Authorization: Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendants, 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.

12.6. Cooperation: The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

12.7. No 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.

12.8. Enforcement Action: In the event that any of the Parties institutes legal action against any other Party or Parties to enforce the provisions of this Settlement, the prevailing Party or Parties shall be entitled to bring a civil action to enforce the terms of the settlement if finally approved by the court and limit recovery to reasonable attorneys' fees and costs.

12.9. No Tax Advice: Neither Plaintiff, Class Counsel, Defendants, 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.

12.10. 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 representatives, and approved by the Court.

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

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

12.13. 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.

12.14. Confidentiality: To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

12.15. Use and Return of Class Data: Information provided to Class Counsel pursuant to Cal. Evid. Code section 1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendants in connection with the mediation, other settlement negotiations, or in connection with the Settlement are and remain the sole property of Defendants and may be used only with respect to this Settlement, and for no other purpose, and furthermore may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs and Administrator shall destroy, all paper and electronic versions of Class Data received from Defendants unless, prior to the Court's discharge of the Administrator's obligation, Defendants make a written request to Class Counsel for the return, rather than the destruction, of Class Data.

12.16. 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.

12.17. 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 business day thereafter.

12.18. 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, to the other Party's respective counsel of record.

12.19. Execution in Counterparts: This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email, 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 signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

12.20. Stay of Litigation: The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that, upon the signing of this Agreement, pursuant to Code of Civil Procedure section 583.330(a), the time within which the Action must be brought to trial shall be extended by that period of time from the date of execution of this Agreement to the date on which the Court enters judgment or the date on which the Court enters an order declining to grant approval of this Agreement, and that said period of time shall not be included in the computation of the five-year period specified in Code of Civil Procedure section 583.310.

Dated: 6/27/2025, 2025

JOSE BERUMEN

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Dated: 6/27/2025, 2025

JORGE CORTES SANCHEZ

DocuSigned by:

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Dated: ______________, 2025

ERNESTO FLORES

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12.18. 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, to the other Party's respective counsel of record.

12.19. Execution in Counterparts: This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email, 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 signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

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Dated: ______________, 2025 **JOSE BERUMEN**

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Dated: ______________, 2025 **JORGE CORTES SANCHEZ**

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Dated: Jul 9, 2025, 2025 **ERNESTO FLORES**

Ernesto Flores (Jul 9, 2025 17:32 PDT)
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Dated: July 7th., 2025

MCKINLEY PACKAGING LA COMPANY and U.S. CORRUGATED OF LOS ANGELES, INC.

By: ______________________________

Name: Miguel Lara

Title: Administrative Director

Approved as to form:

Dated: _____________, 2025

BRADLEY/GROMBACHER, LLP

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MARCUS BRADLEY
KILEY GROMBACHER
Attorneys for Plaintiff Jose Berumen and Jorge Cortes Sanchez

Dated: _____________, 2025

MAJARIAN LAW GROUP, APC

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GAREN MAJARIAN
SAHAG MAJARIAN
Attorneys for Plaintiff Jose Berumen and Jorge Cortes Sanchez

Dated: _____________, 2025

HAINES LAW GROUP, APC

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PAUL K. HAINES
FLETCHER W. SCHMIDT
ANDREW J. ROWBOTHAM
Attorneys for Plaintiff Ernesto Flores

Dated: ______________, 2025

MCKINLEY PACKAGING LA COMPANY and U.S. CORRUGATED OF LOS ANGELES, INC.

By: ___________________________________

Name: Miguel Lara

Title: Administrative Director

Approved as to form:

Dated: 6/27/2025, 2025

BRADLEY/GROMBACHER, LLP

DocuSigned by:
Marcus Bradley
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MARCUS BRADLEY
KILEY GROMBACHER
Attorneys for Plaintiff Jose Berumen and Jorge Cortes Sanchez

Dated: 6/27/2025, 2025

MAJARIAN LAW GROUP, APC

DocuSigned by:
Garen Majarian
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GAREN MAJARIAN
SAHAG MAJARIAN
Attorneys for Plaintiff Jose Berumen and Jorge Cortes Sanchez

Dated: ______________, 2025

HAINES LAW GROUP, APC

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PAUL K. HAINES
FLETCHER W. SCHMIDT
ANDREW J. ROWBOTHAM
Attorneys for Plaintiff Ernesto Flores

Dated: _____________, 2025

MCKINLEY PACKAGING LA COMPANY and U.S. CORRUGATED OF LOS ANGELES, INC.

By: ________________________________

Name: Miguel Lara

Title: Administrative Director

Approved as to form:

Dated: _____________, 2025

BRADLEY/GROMBACHER, LLP

____

MARCUS BRADLEY
KILEY GROMBACHER
Attorneys for Plaintiff Jose Berumen and Jorge Cortes Sanchez

Dated: _____________, 2025

MAJARIAN LAW GROUP, APC

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GAREN MAJARIAN
SAHAG MAJARIAN
Attorneys for Plaintiff Jose Berumen and Jorge Cortes Sanchez

Dated: Jul 9, 2025

HAINES LAW GROUP, APC

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PAUL K. HAINES
FLETCHER W. SCHMIDT
ANDREW J. ROWBOTHAM
Attorneys for Plaintiff Ernesto Flores

Dated: August 04, 2025

JACKSON LEWIS P.C.

Leonora Schloss

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LEONORA M. SCHLOSS
JING TONG
Attorneys for Defendants
MCKINLEY PACKAGING LA
COMPANY AND U.S. CORRUGATED
OF LOS ANGELES, INC.

4905-9573-0256, v. 1

EXHIBIT A

Class Notice

NOTICE OF CLASS ACTION SETTLEMENT

Jose Berumen, Jorge Cortes Sanchez, and Ernesto Flores v. McKinley Packaging LA Company & U.S. Corrugated of Los Angeles, Inc.,
Superior Court of the State of California for the County of Los Angeles
Lead Case No. 23STCV09763
Consolidated with Case Nos.: 23STCV26578 & 24STCV04481.

This notice is to the following individuals in connection with a pending class action settlement:

All individuals currently or formerly employed by McKinley Packaging LA Company and U.S. Corrugated of Los Angeles, Inc. in California as hourly, non-exempt employees during the Class Period of April 23, 2023, to April 15, 2025.

Read this notice carefully. Your legal rights could be affected whether you act or not.

The Superior Court of the State of California for the County of Los Angeles (the "Court") has preliminarily approved this class and representative action lawsuit filed by Jose Berumen, Jorge Cortes Sanchez, and Ernesto Flores ("Class Representative") against McKinley Packaging LA Company and U.S. Corrugated of Los Angeles, Inc. ("Defendants") for alleged wage and hour violations (the "Lawsuit"). Defendants deny all claims and maintain they have fully complied with the law. The settlement is not an admission of any wrongdoing by Defendants or an indication that any law was violated or that this case was suitable for class or representative treatment.

The proposed Settlement has two main parts: (1) a Class Settlement requiring Defendants to fund Individual Class Payments, and (2) a PAGA Settlement requiring Defendants to fund Individual PAGA Payments and to pay penalties to the California Labor and Workforce Development Agency ("LWDA").

Defendants' records reflect you worked for Defendants **[Individual Workweeks]]** workweeks as a non-exempt hourly employee during the Class Period of April 23, 2023, to April 15, 2025. Based on this information, your Individual Class Payment is estimated to be **$[[Individual Class Payment]]** (less any applicable state and federal withholdings). The actual amount you may receive will likely be different and will depend on multiple factors, such as how many other individuals decide to opt out.

Defendants' records reflect you worked for Defendants **[[Individual Workweeks]]** workweeks as a non-exempt hourly employee during the PAGA Period of April 30, 2023, through April 15, 2025. Based on this information, your Individual PAGA Payment is estimated to be **$[[Individual PAGA Payment]]** (If no amount is stated for your Individual PAGA Payment, then according to Defendants' records you are not eligible for an Individual PAGA Payment under the Settlement because you did not work during the PAGA Period).

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
Do Nothing	You do not have to do anything in response to this notice. If you do nothing, you will remain eligible to automatically receive an Individual Class Payment if the Court grants final approval of the settlement. In such case, you will be bound by the release provisions in the settlement.
Opt Out	You may opt out of the Settlement by submitting a written Request for Exclusion to the Settlement Administrator to exclude yourself, or "Opt-Out," no later than forty-five (45) calendar days of the date of the initial mailing of the Class Notice. If you Opt-Out, you may not object to the Settlement, you will not receive an Individual Class Payment (excluding only an Individual PAGA Payment, if you are eligible), and you shall not be bound by the release provisions in the settlement.
Object	You may object to the Settlement by submitting a written objection to the Settlement Administrator no later than forty-five (45) calendar days of the date of the initial mailing of the Class Notice, stating each of your objections to the Settlement. If the Court grants final approval of the settlement despite your objection, you will remain eligible to automatically receive an Individual Class Payment if the Court grants final approval of the settlement. In such case, you will be bound by the release provisions in the settlement.
CHALLENGE YOUR WORKWEEK OR PAGA PAY PERIOD CREDITS	If you wish to challenge or dispute the number of workweeks the Settlement Administrator assigns to you for the purpose of calculating your Individual Class Payment and/or Individual PAGA Payment, you must write to the Settlement Administrator no later than forty-five (45) calendar days of the date of the initial mailing of the Class Notice, stating why you dispute the calculation and providing documents supporting what you believe is the correct number of Workweeks.

The Court's final approval hearing is scheduled to take place on **[[Final Approval Hearing Date]]** at **[[Final Approval Hearing Time]]** in Dept. 10 of the Los Angeles Superior Court, located at 312 N. Spring Street, Los Angeles, California, to determine whether the Settlement is fair, adequate and reasonable. You do not have to attend but you do have the right to appear. The date and time of the Final Approval Hearing may change without further notice, so please contact the Settlement Administrator or Class Counsel for further updates. ***For more information, please carefully read this notice.***

1. WHAT IS THE ACTION ABOUT?

The Class Representatives means former employees of Defendants. The Class Representatives allege Defendants violated California labor and employment laws including, without limitation, meal period violations, rest period violations, untimely payment of wages, wage statement violations, waiting time penalties, violations of the unfair competition laws, failure to reimburse necessary business expenses, failure to provide suitable seating, failure to adopt standards that minimize excessive indoor heat, and failure to pay all wages owed each payday which includes minimum and overtime wages. Plaintiff is represented by Bradley/Grombacher, LLP, and Haines Law Group APC ("Class Counsel").

Defendants deny all liability and is confident it has strong legal and factual defenses to these claims, but recognizes the risks, distractions, and costs associated with continued litigation.

Defendants contends that its business practices are and have been lawful at all relevant times and that Plaintiff's claims are without merit and fail to satisfy the requirements for class certification. This settlement is a compromise, reached after good faith, arm's-length negotiations between Plaintiff and Defendants and is not an admission of liability by Defendants. All parties agree that, considering the risks and expenses associated with continued litigation, this Settlement is fair, adequate, and reasonable. Plaintiff also believes this Settlement is in the best interests of all Class Members.

The Private Attorneys General Act ("PAGA") alleged by Plaintiff allows employees to file a representative action on behalf of themselves, all aggrieved employees, and the State of California for certain alleged Labor Code violations, and, if successful, recover civil penalties for the same Labor Code violations. An aggrieved employee is a person against whom one or more alleged labor violations was committed.

The Court has not ruled on the merits of Plaintiff's claims or Defendants defenses. By granting preliminary approval of the settlement, the Court has only determined that there is sufficient evidence to suggest that the proposed Settlement might be fair, adequate, and reasonable. Any final determination of those issues will be made at the final hearing.

2. WHAT ARE PROPOSED SETTLEMENT TERMS?

At the Final Approval Hearing, the Class Representatives, through Class Counsel, will ask the Court to approve a Gross Settlement Amount of $495,000.00 and authorize the following deductions: Class Representative Service Payment of up to $10,000 to each Class Representative for a total of $30,000; Class Counsel Attorneys' Fees in the amount of 33% of the Gross Settlement ($164,835.00); Class Counsel Litigation Costs (not to exceed $30,000.00); an LWDA PAGA Payment of $25,000.00 for PAGA penalties, with 25% of that amount, or $6,250.00 to be paid as Individual PAGA Payments to all Class Members who worked from April 30, 2023, through April 15, 2025 ("the PAGA Period") and 75% of the amount ($18,750.00) to be paid to the LWDA; and the Administration Expenses Payment to be paid to the third-party settlement administrator (not to exceed $7,500.00).

After making the above deductions in amounts approved by the Court, the Administrator will calculate and distribute making Individual Class Payments to Participating Class Members based on their Class Period Workweeks. 20% of each Individual Class Payment shall constitute taxable wages ("Wage Portion") and 80% shall constitute interest and penalties ("Non-Wage Portion.). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. (Defendant will separately pay employer payroll taxes it owes on the Wage Portion.) The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non- Wage Portions of the Individual Class Payments on IRS 1099 Forms.

You will be treated as a Participating Class Member, participating fully in the settlement, unless you submit a signed Request for Exclusion by the [[Response Deadline]] "Response Deadline".

If you worked at all during the PAGA Period, you are entitled to an Individual PAGA Payment. Because the LWDA PAGA Payment is recovered on behalf of the State of California, you may not Opt-Out of the PAGA Settlement Payment. Such payments shall not constitute consideration offered or exchanged for the release of any recipient's individual, private rights of action.

Accordingly, even if you are eligible to receive an Individual PAGA Payment, you may still choose to Opt-Out of the Settlement.

After the Judgment is final and Defendants has fully funded the settlement and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the settlement, as follows:

Release by Participating Class Members: All Participating Class Members release and discharge Released Parties from any and all claims arising under state, federal, or local law, whether statutory, common law, or administrative law, based on the factual allegations in the operative complaint, including, but not limited to, claims for: failure to provide meal periods, failure to provide rest periods, failure to pay overtime wages, failure to pay all wages and minimum wages, failure to pay all wages due to discharged and quitting employees, failure to timely pay wages during employment, failure to timely furnish accurate itemized wage statements, failure to furnish accurate itemized wage statements, failure to maintain accurate records, failure to indemnify employees for necessary expenditures incurred in discharge of duties, failure to provide suitable seating, failure to adopt standards that minimize excessive indoor heat, and unfair and unlawful business practices, including, but not limited to, claims for injunctive relief, liquidated damages, penalties, interest, fees, costs, and all other claims and allegations made or which could have been made in the Action based on the facts and allegations pled in the Operative Complaint and arising during the Class Period ("Released Class Claims"). Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period. The Released Class Claims do not include any claims under PAGA.

Release by Aggrieved Employees: All Aggrieved Employees 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 claims during the PAGA Period for PAGA penalties alleged, or that reasonably could be alleged based on the facts asserted, in the Operative Complaint and the PAGA Notice, including civil penalties pursuant to PAGA for all claims including failure to provide meal periods, failure to provide rest periods, failure to pay overtime wages, failure to pay all wages and minimum wages, failure to pay all wages due to discharged and quitting employees, failure to timely pay wages during employment, failure to timely furnish accurate itemized wage statements, failure to furnish accurate itemized wage statements, failure to maintain accurate records, failure to indemnify employees for necessary expenditures incurred in discharge of duties, failure to provide suitable seating, failure to adopt standards that minimize excessive indoor heat, as well as all other claims and allegations alleged or could have been alleged in the Action, during the PAGA Period ("Released PAGA Claims").

Released Parties: Defendants and all their present and former parent companies, direct and indirect subsidiaries, members, joint ventures, owners, principals, agents, divisions, and their respective related or affiliated companies, shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns, and any individual or entity which could be liable for any of the Released Claims, and Defendants' counsel of record in the Action.

3. HOW IS MY INDIVIDUAL CLASS SETTLEMENT CALCULATED?

The number of Class Workweeks you worked for Defendants during the Class Period are stated on the first page of this notice. The Administrator will calculate Individual Class Payments by (1) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and then (2) multiplying the result by the number of Workweeks worked by each respective Participating Class Member. In other words, you will receive a proportional recovery based on the number of weeks you worked for Defendants during the Class Period in relation to other Class Members.

4. HOW CAN I CORRECT THE NUMBER OF WORKWEEKS?

You have until the Response Deadline to correct or challenge the number of Workweeks. You can submit your challenge by signing and sending a letter to the Administrator via mail, fax or email to the Administrator at the following address:

Administrator:
ILYM Group, Inc.
2832 Walnut Ave. Suite C
Tustin, CA 92780

The Administrator will accept Defendants calculation of Workweeks as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you.

5. HOW WILL I GET PAID?

The Administrator will send, by U.S. mail, a single check to every Participating Class Member and/or PAGA Member following the Effective Date of this Settlement. Your check will be sent to the same address as this notice. If you change your address, notify the Administrator as soon as possible.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

If you wish to exclude yourself (Opt-Out of) the Class Settlement, you must send the Administrator, by fax, email or mail, a signed written Request for Exclusion which (a) includes the case name and number; (b) contains your full name, address, telephone number, and the last four digits of your Social Security Number; (c) clearly states that you do not wish to be included in the settlement; (d) is signed by you; (e) must be faxed, emailed or mailed to the Administrator at the specified address and/or facsimile number; and (f) be postmarked, emailed or faxed no later than forty-five (45) calendar day after the date of the initial mailing of the Class Notice.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement by submitting a written objection to the Administrator no later than forty-five (45) calendar day after the date of the initial mailing of the Class Notice. To object, please provide a written statement to the Administrator advising what you object to, why you object, and any facts that support your objection. Please sign the objection and identify the Action and include your name, current address, telephone number, and your approximate dates of employment.

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You may, but are not required to, attend the Final Approval Hearing on [[Final Approval Hearing Date]] at [[Final Approval Hearing Time]] Dept. 10 of the Los Angeles Superior Court, located at **312 N. Spring Street, Los Angeles, California**. At the hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to the LWDA, Class Counsel, the Class Representatives(s), and the Administrator. The Court will invite comment from objectors, Class Counsel, and Defense Counsel before making a decision.

It is possible the Court will reschedule the Final Approval Hearing. Please review the Court's online docket or contact the Administrator or Class Counsel to verify the date and time of the Final Approval Hearing if you believe it may have been continued or otherwise changed.

9. HOW CAN I GET MORE INFORMATION?

This Notice provides a summary of the Settlement and its terms and conditions. For a complete statement of the Settlement, refer to the Settlement Agreement entered into by the parties. Copies of the Settlement Agreement and Court preliminary approval documents are available for review from Class Counsel or at the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, California 90012, and online at https://www.lacourt.org/.You can telephone or send an email to Class Counsel at the address below:

Class Counsel:	Counsel for McKINLEY PACKAGING LA COMPANY dba US CORRUGATED LOS ANGELES
Bradley/Grombacher, LLP Marcus J. Bradley Kiley L. Grombacher 31365 Oak Crest Drive, Suite 240 Westlake Village, CA 91361 Telephone: (805) 270-7100 Facsimile: (805) 270-7589 mbradley@bradleygrombacher.com kgrombacher@bradleygrombacher.com Haines Law Group, APC Paul K. Haines, Esq. Fletcher W. Schmidt, Esq. Andrew J. Rowbotham, Esq. 2155 Campus Drive, Suite 180 El Segundo, CA 90245 Telephone: 424-292-2350 Facsimile: 424-292-2355 phaines@haineslawgroup.com fschmidt@haineslawgroup.com arowbotham@haineslawgroup.com	Leonora M. Schloss (SBN 145142) Jing Tong (SBN 285061) JACKSON LEWIS P.C. 725 South Figueroa Street, Suite 2800 Los Angeles, California 90017-5408 Telephone: (213) 689-0404 Facsimile: (213) 689-0430 leonora.schloss@jacksonlewis.com jing.tong@jacksonlewis.com

10. WHAT IF I LOSE MY SETTLEMENT CHECK OR FAIL TO CASH IT?

If you lose or misplace your settlement check, the Administrator will replace it if you request a replacement before the void date on the face of the original check. If your check is already void or you have otherwise failed to cash it, the Administrator will send your funds to Counsel for Justice Los Angeles County Bar Association, the court-approved cy pres recipient.