

SHIMODA & RODRIGUEZ LAW, PC
Galen T. Shimoda (Cal. State Bar No. 226752)
attorney@shimodalaw.com
Justin P. Rodriguez (Cal. State Bar No. 278275)
jrodriguez@shimodalaw.com
Renald Konini (Cal. State Bar No. 312080)
rkonini@shimodalaw.com
Austin D. Sork (Cal. State Bar No. 360918)
asork@shimodalaw.com
9401 East Stockton Blvd, Suite 120
Elk Grove, CA 95624
Telephone: (916) 525-0716
Facsimile: (916) 760-3733

Attorneys for Plaintiff JOSE HERNANDEZ

SABER LAW GROUP
Shirley C. Wang, Esq. (SBN 187635)
swang@saberlaw.com
Ren M. Kuan (SBN 332674)
rkuan@saberlaw.com
101 Howard Street, 4th Floor
San Francisco, California 94105
Telephone: (415) 278-1400
Facsimile: (415) 278-1401

Attorneys for Defendants QUANTUMSCAPE CORPORATION,
and QUANTUMSCAPE BATTERY, INC.

[Additional counsel listed on next page]

SUPERIOR COURT OF CALIFORNIA
FOR THE COUNTY OF SANTA CLARA

PETE CRUZ and JOSE HERNANDEZ,
individually and on behalf of all others similarly
situated,

Plaintiffs,

vs.

QUANTUMSCAPE, an entity of unknown
form; QUANTUMSCAPE CORPORATION, a
Delaware corporation; QUANTUMSCAPE
BATTERY, INC., a Delaware corporation; and
DOES 1 to 100, inclusive,

Defendants.

Case No.: 23CV427117
Related to Case No.: 24CV439603

*Assigned for All Purposes to the Hon. Theodore C.
Zayner, Dept. 19*

**CLASS ACTION AND PAGA SETTLEMENT
AGREEMENT AND NOTICE OF
SETTLEMENT**

Filed: December 4, 2023
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Trial Date: None Set

1 D.LAW, INC.
Roman Shkodnik (SBN 285152)
2 r.shkodnik@d.law
Emma Geesaman (SBN 352715)
3 e.geesaman@d.law
Enoch J. Kim (SBN 261146)
4 e.kim@d.law
Arianna N. Razi (SBN 356930)
5 a.razi@d.law
250 N. Madison Avenue
6 Pasadena, CA 91101-1639
Telephone: (818) 962-6465
7 Facsimile: (818) 962-6469
8 Attorneys for Plaintiff PETE CRUZ
9
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1 This Class Action and Private Attorneys General Act (“PAGA”) Settlement Agreement (the
2 “Agreement”) is made and entered into by and between Plaintiffs Pete Cruz (“Cruz”) and Jose Hernandez
3 (“Hernandez”) (both collectively referred to as “Plaintiffs”), on behalf of themselves, on behalf of all others
4 similarly situated, and on behalf of all aggrieved employees, and Defendants QuantumScape Corporation
5 (“QSC”) and QuantumScape Battery, Inc. (“QSB”) (collectively, “Defendants”). This Agreement is subject
6 to the terms and conditions set forth below and the approval of the Court.

7 **1. DEFINITIONS**

8 The following terms, when used in this Agreement, have the following meanings:

9 1.1 “Actions” means and includes, *Cruz v. QuantumScape, et al.*, Santa Clara Superior Court,
10 Case No. 23CV427117 (“Cruz Action”); *Hernandez v. QuantumScape Battery, Inc.*, Santa Clara Superior
11 Court, Case No. 24CV439603 (“Hernandez PAGA Action”); and *Hernandez v. QuantumScape Battery,*
12 *Inc.*, JAMS Arbitration, Reference No. 5100001940 (“Hernandez Arbitration”).

13 1.2 “Aggrieved Employee(s)” or “PAGA Employee(s)” means all hourly, non-exempt
14 employees who did not sign separation agreements with an individual or non-representative PAGA claims
15 waiver and did not sign valid releases of individual PAGA claims and worked for Defendant(s) in the State
16 of California at any point between December 4, 2022 through July 6, 2025.

17 1.3 “Agreement” means this Class Action and PAGA Settlement Agreement.

18 1.4 “Class Member(s)” means all hourly, non-exempt employees who: a) only ever signed
19 arbitration agreements without a class waiver; b) did not sign any release, separation, or settlement
20 agreements waiving the claims alleged in the Actions (inclusive of any waiver of rights to participate
21 in any class or representative PAGA settlement); and (c) worked for Defendant(s) in the State of
22 California at any point between March 1, 2020 through July 6, 2025.

23 1.5 “Class Period” means March 1, 2020 through July 6, 2025.

24 1.6 “Class Representative” means Plaintiff Jose Hernandez.

25 1.7 “Class Representative’s Released Claims” means all claims arising from, that could have
26 been asserted, or that are related in any way to the Class Representative’s employment with Defendant(s),
27 under federal, state, or local laws, and/or ordinances, or tort or contract theories, whether known or
28 unknown, and whether anticipated or unanticipated, including without limitation statutory, constitutional,

contractual or common law claims for lost wages, unpaid wages, emotional distress, punitive damages, special damages, damages, unpaid costs, penalties, liquidated damages, interest, attorneys' fees, litigation costs, restitution, equitable relief or other similar relief or claims. This includes a general release of all obligations, debts, claims, liabilities, demands, and causes of action of every kind, nature, and description whatsoever, whether or not now known, suspected or claimed, which they ever had, now have, or may hereafter acquire against Defendants, including a waiver of rights under California Civil Code section 1542, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

This general release shall be from the beginning of time through the date this Agreement is executed by the Class Representative. Notwithstanding this Section and any other term or provision of this Agreement, the Parties understand and agree that the Class Representative's Released Claims exclude Plaintiff's individual claims asserted in the *Hernandez* Arbitration for Disability Discrimination in Violation of the FEHA/Failure to Accommodate and Failure to Engage in the Interactive Process, Failure to Prevent Discrimination, Wrongful Discharge in Violation of Public Policy, and Violation of the California Family Rights Act.

1.8 "Complaint" means the operative Second Amended Complaint filed on December 9, 2025 in the *Cruz* Action with the Court. The Parties understand and agree that the Complaint includes all wage and hour class and PAGA causes of action and allegations alleged in the *Cruz* Action, *Hernandez* PAGA Action, and *Hernandez* Arbitration such that the Agreement is intended to, and does, resolve all such claims alleged therein.

1.9 "Court" means the Santa Clara County Superior Court.

1.10 "Defendants" means QuantumScape Corporation and QuantumScape Battery, Inc.

1.11 "Defendants' Counsel" means Shirley C. Wang, Ren M. Kuan, and other attorneys of Saber Law Group.

1.12 "Enhancement Payment" means the amount approved by the Court to be paid to the Class Representative in recognition of his time and effort expended on behalf of Class Members for the benefit

of Class Members, which is in addition to any Individual Settlement Amount paid to the Class Representative as a Participating Class Member. Subject to the Court granting final approval of this Settlement Agreement and subject to the exhaustion of any and all appeals, the Class Representative will request Court approval of Enhancement Payment of up to Ten Thousand Dollars (\$10,000).

1.13 “Effective Date” means the Final Approval Date unless there is a timely objection lodged that has not later been withdrawn, in which case the Effective Date will be either (a) the 60th calendar day after a signed order approving this settlement has been filed provided no appellate proceeding has been filed; or (b) seventh (7th) calendar day after any appellate proceeding opposing the settlement has been finally dismissed with no material change to the terms of this settlement and there is no right to pursue further remedies or relief, whichever is later.

1.14 “Final Approval Date” means the date the Court signed and entered its order granting final approval of this Class Action and PAGA Settlement Agreement and Notice of Settlement.

1.15 “Gross Settlement Amount” or “GSA” is the sum of Seven Hundred and Thirty-Five Thousand Dollars and Zero Cents (\$735,000.00), which is the total amount Defendants agree to pay under the Agreement, except as provided in Paragraph 10.2 below and in addition to Defendants’ employer share of taxes owed on the wage portions of Individual Settlement Amounts to Participating Class Members.

1.16 “Individual Settlement Amount” means a Participating Class Member’s and/or Aggrieved Employee’s allocation of the Net Settlement Amount and Employee PAGA Amount respectively, as defined in Sections 1.18, 1.22, 5.5, and 5.8.

1.17 “LWDA” means the California Labor and Workforce Development Agency.

1.18 “Net Settlement Amount” is the portion of the Gross Settlement Amount available for distribution to Participating Class Members, as described in this Agreement, after deduction of Plaintiffs’ Counsel’s attorneys’ fees and litigation costs, Settlement Administrator Costs, the PAGA Amount, and Enhancement Payment to the Class Representative.

1.19 “Notice of Settlement” means the document substantially in the form attached hereto as **Exhibit 1.**

1.20 “Notice Period” means sixty (60) calendar days from the initial mailing of the Notice of Settlement to Class Members and/or Aggrieved Employees.

1.21 “PAGA” means Private Attorneys General Act (Labor Code §§ 2698, *et seq.*).

1.22 “PAGA Amount” means the allocation of Two Hundred and Eighteen Thousand Seven Hundred and Fifty Dollars and Zero Cents (\$218,750.00) from the Gross Settlement Amount towards resolving claims under the Private Attorneys General Act of 2004, California Labor Code §§ 2698 *et seq.* Seventy-Five percent (75%) of the PAGA Amount, or \$164,062.50, will be paid to the LWDA (“the LWDA Payment”). Twenty-five percent (25%) of the PAGA Amount, or \$54,687.50, will be distributed to Aggrieved Employees on a pro rata basis as described below in Paragraph 5.8 (“Employee PAGA Amount”).

1.23 “PAGA Period” means December 4, 2022 through July 6, 2025.

1.24 “PAGA Representatives” means Plaintiffs Pete Cruz and Jose Hernandez.

1.25 “Parties” mean Defendants and Plaintiffs collectively.

1.26 “Participating Class Member” means any and all Class Members who have not submitted a valid timely request to opt-out of the Settlement.

1.27 “Plaintiffs” mean Plaintiffs Pete Cruz and Jose Hernandez.

1.28 “Plaintiffs’ Counsel” means Galen T. Shimoda, Justin P. Rodriguez, Renald Konini, and Austin Sork of Shimoda & Rodriguez Law, PC, as well as Roman Shkodnik, Emma Geesaman, Enoch J. Kim, and Arianna N. Razi of D.Law, Inc.

1.29 “Preliminary Approval Date” means the date the Court signed and entered its order granting preliminary approval of this Class and PAGA Settlement Agreement and Notice of Settlement.

1.30 “Qualified Settlement Fund” or “QSF” means an account within the meaning of Treasury Regulation Section 1.468B-1, *et seq.*, to be established by the Settlement Administrator for the benefit of the Participating Class Members and/or Aggrieved Employees and from which the payments under this Agreement shall be made. Any amounts Defendants have agreed to pay under this Agreement shall remain the property of Defendants until the payments required under the Agreement are made.

1.31 “Qualifying Pay Periods” means and includes any pay periods in which Aggrieved Employees performed any work for Defendant(s) for at least one day during the PAGA Period. The calculation of an Aggrieved Employee’s pay periods and a determination as to whether an Aggrieved

Employee was actively employed in California in a particular pay period shall be construed from Defendants' records.

1.32 "Qualifying Workweeks" means and includes any workweeks in which Class Members performed any work for Defendant(s) for at least one day during the Class Period. The calculation of a Class Member's workweeks and a determination as to whether a Class Member was actively employed in California in a particular workweek shall be construed from Defendants' records.

1.33 "Released Class Claims" means any and all claims that are alleged in the Complaint, and any additional claims that reasonably could have been brought based on the facts alleged in the Complaint, through the Class Period. This release excludes the release of claims not permitted by law. This release will cover all Participating Class Members.

1.34 "Released PAGA Claims" means any and all claims that were alleged under the Private Attorneys General Act, Labor Code §§ 2698 *et seq.* in Plaintiffs' notice letters to the LWDA, and any additional wage and hour PAGA claims that reasonably could have been brought based on the facts alleged in Plaintiffs' notice letters to the LWDA during the PAGA Period. This release excludes the release of claims not permitted by law.

1.35 "Released Parties" means Defendants, and each of their respective former, current, and future parents, subsidiaries, affiliates, joint ventures, directors, officers, shareholders, members, agents, principals, heirs, representative, insurers and reinsurers, and their respective predecessors, successors, and assigns.

1.36 "Settlement" means the disposition of the Actions effected by this Agreement and the Judgment.

1.37 "Settlement Administrator" means and refers to ILYM Group, Inc., the third-party entity that will administer the Agreement as outlined in Paragraphs 4 and 7, or any other neutral, third-party administrator agreed to by the Parties and approved by the Court for the purposes of administering this Agreement. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

1.38 “Settlement Administrator Costs” means the fees and expenses reasonably incurred by the Settlement Administrator as a result of the procedures and processes expressly required by this Agreement, and shall include all costs of administering the Agreement, including, but not limited to, all tax document preparation, custodial fees, and accounting fees incurred by the Settlement Administrator; all costs and fees associated with preparing, issuing and mailing any and all notices and other correspondence to Class Members and/or Aggrieved Employees; all costs and fees associated with communicating with Class Members and/or Aggrieved Employees, Plaintiffs’ Counsel, and Defendants’ Counsel; all costs and fees associated with computing, processing, reviewing, and paying the Individual Settlement Amounts, and resolving disputes; all costs and fees associated with calculating tax withholdings and payroll taxes, if any, making related payment to federal and state tax authorities, if any, and issuing tax forms relating to payments made under the Agreement; all costs and fees associated with preparing any tax returns and any other filings required by any governmental taxing authority or agency; all costs and fees associated with preparing any other notices, reports, or filings to be prepared in the course of administering Individual Settlement Amounts; and any other costs and fees incurred and/or charged by the Settlement Administrator in connection with the execution of its duties under this Agreement.

2. DESCRIPTION OF THE LITIGATION

2.1 On December 4, 2023, Plaintiff Pete Cruz commenced the *Cruz* Action by filing a class action complaint (Case No. 23CV427117) alleging various wage and hour claims against Defendants in the Santa Clara County Superior Court. On February 7, 2024, Cruz filed a First Amended Complaint, adding a twelfth cause of action for Private Attorneys General Act (“PAGA”) penalties pursuant to Labor Code sections 2698, *et seq.* (the “FAC”).

2.2 On March 1, 2024, Plaintiff Jose Hernandez commenced the *Hernandez* Arbitration by submitting a demand for class arbitration (JAMS Reference No. 5100001940) alleging various wage and hour claims against Defendant QSB with JAMS Arbitration.

2.3 On May 22, 2024, Hernandez commenced the *Hernandez* PAGA Action by filing a PAGA-Only complaint (Case No. 24CV439603) against Defendant QSB in the Santa Clara County Superior Court.

2.4 On September 17, 2024, Cruz’s and Defendants’ counsel filed a Joint Stipulation to Dismiss Class Claims, Submit Plaintiff’s Individual Claims (Including Non-Representative PAGA Claims) to

1 Arbitration, and Stay Representative PAGA Action and [Proposed] Order, asking the Court to: (1) order
2 Plaintiff to file a request for dismissal of his class claims; (2) order Plaintiff to submit his individual claims
3 (including his non-representative PAGA claims) to binding arbitration; (3) allow the Parties to engage in
4 an early mediation and toll Plaintiff's Individual Claims until thirty (30) days following the completion of
5 mediation; (4) stay Plaintiff's representative PAGA claims pending arbitration; and (5) take Defendants'
6 MTC Arbitration hearing off the calendar. Cruz's Request for Dismissal of Class Allegations Without
7 Prejudice was granted and entered into on October 29, 2024.

8 2.5 Prior to mediation, the Parties engaged in informal discovery. Defendants and Defendants'
9 Counsel provided Plaintiffs' Counsel with copies of all applicable versions of their policies and
10 procedures, employee handbooks, information on Class Members and Aggrieved Employees including,
11 but not limited to, number of workweeks, number of Class Members, number of pay periods, number of
12 Aggrieved Employees, rates of pays, as well as timecard data and pay stubs for a randomly selected sample
13 of Class Members and Aggrieved Employees.

14 2.6 On April 7, 2025, the Parties participated in an all-day, global mediation presided over by
15 mediator Mark LeHocky. At the conclusion of the mediation, the Parties were able to come to a
16 resolution through a mediator's proposal. At all times, the Parties' settlement negotiations have been
17 non-collusive, adversarial, and at arm's length.

18 2.7 Discussions between Plaintiffs and Plaintiffs' Counsel, between counsel for the Parties,
19 document productions, extensive legal analysis, the provision of information by Defendants to Plaintiffs
20 and the detailed analysis of the records, including expert analysis, have permitted each side to assess the
21 relative merits of the claims and the defenses to those claims.

22 2.8 As a condition of this settlement, and in order to release the Labor Code claims alleged in
23 the *Hernandez* Arbitration and the *Hernandez* PAGA Action, Cruz filed the Second Amended Complaint
24 on December 9, 2025 to consolidate all wage and hour class and PAGA claims in the Actions.

25 2.9 The Parties agreed that the Defendants and Defendants' Counsel need not file any
26 response to the operative Complaint.

27 2.10 The Court has not granted class certification.
28

1 2.11 The Parties, Plaintiffs' Counsel, and Defendants' Counsel represent that they are not aware
2 of any other pending matter or action asserting claims that will be extinguished or affected by the
3 Settlement.

4 **3. THE CONDITIONAL NATURE OF THIS AGREEMENT**

5 3.1 This Agreement and associated Exhibit 1 are made for the sole purpose of settling the
6 Actions. This Agreement and the settlement it evidences are made in compromise of disputed claims.
7 Because the Actions contain class action claims, this Agreement must receive preliminary and final
8 approval by the Court. Accordingly, the Parties enter into this Agreement and associated settlement on a
9 conditional basis. If the Effective Date does not occur, or if the Court's approval of the settlement is
10 reversed or materially modified on appellate review, this Agreement shall be deemed null and void; it shall
11 be of no force or effect whatsoever; it shall not be referred to or utilized for any purpose whatsoever; and
12 the negotiation, terms and entry of the Agreement shall remain subject to the provisions of California
13 Evidence Code Sections 1119 and 1152, Federal Rule of Evidence 408, and any other analogous rules of
14 evidence that may be applicable.

15 3.2 Defendants have denied all claims as to liability, damages, liquidated damages, penalties,
16 interest, fees, restitution, injunctive relief and all other forms of relief asserted in the Actions. Defendants
17 have agreed to resolve the Actions via this Agreement, but to the extent this Agreement is deemed void or
18 the Effective Date does not occur, Defendants do not waive, but rather expressly reserve, all rights to
19 challenge all such claims and allegations in the Actions upon all procedural and factual grounds, including,
20 without limitation, the ability to challenge class or collective treatment on any grounds, as well as to assert
21 any and all other potential defenses or privileges.

22 **4. SCOPE OF THE CLASS**

23 4.1 The scope of individuals encompassed under the Agreement and subject to all obligations
24 and duties required under the Agreement, shall include all Participating Class Members as defined in
25 Paragraphs 1.4 and 1.26 and all Aggrieved Employees as defined in Paragraph 1.2.

26 4.2 Only Participating Class Members and Aggrieved Employees are entitled to recover under
27 this Agreement.
28

1 4.3 Any person who believes that he or she is a Class Member or Aggrieved Employee and
2 wishes to participate in the Agreement, but did not receive a Notice of Settlement because his or her name
3 did not appear on the Class List (as defined in Paragraph 7.3) provided to the Settlement Administrator
4 prior to mailing, may submit a data request to the Settlement Administrator. The data request must contain
5 all of the following information: (a) the full name and, if applicable, Social Security Number of the
6 individual making the request; (b) the name used by such employee as of the time his or her employment
7 with Defendant(s) ended; (c) the individual's dates of employment with Defendant(s); and (d) a return
8 address to which a response may be sent. Every data request must be postmarked on or before the
9 conclusion of the Notice Period or otherwise submitted to the Settlement Administrator such that it is
10 received before the conclusion of the Notice Period. Upon receipt of any data requests, the Settlement
11 Administrator shall promptly or within two (2) business days transmit the data requests to Defendants'
12 Counsel and request that Defendants review their records.

13 4.4 If Defendants agree that the person listed in a data request is a Class Member and/or
14 Aggrieved Employee, the Settlement Administrator shall promptly mail a Notice of Settlement to the
15 person who submitted the data request, at the address designated for that purpose in the data request. All
16 provisions of this Agreement relating to the Notice of Settlement shall apply to Notice of Settlements sent
17 in response to data requests, and any person who submits a data request and is sent a Notice of Settlement
18 in response shall be treated by the Settlement Administrator as a Class Member and/or Aggrieved
19 Employee for all other purposes.

20 4.5 If Defendants contend that the person listed in a data request is not a Class Member and/or
21 Aggrieved Employee, Defendants' Counsel and Plaintiffs' Counsel shall attempt to resolve any such
22 dispute in good faith within seven (7) calendar days of Plaintiffs' Counsel being advised in writing of the
23 data request dispute. Defendants' records shall control unless the individual submitting the data request
24 provides persuasive evidence to doubt the accuracy of those records. Each data request dispute that
25 Defendants' Counsel and Plaintiffs' Counsel cannot timely resolve shall be resolved by the Settlement
26 Administrator. The Settlement Administrator must accept and weigh all the evidence provided in a good
27 faith attempt to resolve the dispute. The Settlement Administrator must resolve any dispute submitted to
28 it within seven (7) calendar days after Defendants' Counsel and Plaintiffs' Counsel submit the dispute to

the Settlement Administrator. The decision by the Settlement Administrator shall be final as between the parties, subject to Court review.

5. TERMS OF THE SETTLEMENT

The Parties agree as follows:

5.1 Gross Settlement Amount: In consideration and exchange for the releases described in Paragraph 6, Defendants shall pay the Gross Settlement Amount of Seven Hundred and Thirty-Five Thousand Dollars and Zero Cents (\$735,000.00). Defendants shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Defendants' share of payroll taxes owed on the wage portion of Individual Settlement Amounts, by transmitting the funds to the QSF to be established by the Settlement Administrator within thirty-one (31) calendar days of the Effective Date. The Gross Settlement Amount includes: (1) Individual Settlement Amounts to Participating Class Members (including Plaintiff Jose Hernandez) and Aggrieved Employees (including Plaintiffs Pete Cruz and Jose Hernandez), (2) Plaintiffs' Counsel's attorneys' fees; (3) Plaintiffs' Counsel's litigation costs and expenses according to proof; (4) an Enhancement Payment to the Class Representative or Plaintiff Jose Hernandez; (5) the LWDA Payment; and (6) Settlement Administrator Costs. Any monies necessary to satisfy Defendants' tax obligations (*e.g.* employer FICA, FUTA and SDI contributions on wage payments) on any monies distributed to Participating Class Members will be paid in addition to the Gross Settlement Amount.

5.2 Attorneys' Fees and Costs: Plaintiffs' Counsel will apply to the Court for attorney's fees of one-third (1/3) of the Gross Settlement Amount, which shall be paid from the Gross Settlement Amount. Defendants have agreed to not oppose Plaintiffs' Counsel's application for attorneys' fees so long as it does not exceed the one-third (1/3) threshold. Plaintiffs' Counsel will also be entitled to reimbursement for advanced litigation expenses not to exceed \$32,500.00, which shall be paid from the Gross Settlement Amount. Defendants have agreed to not oppose Plaintiffs' Counsel's request for reimbursement for advanced litigation expenses so long as they do not exceed the \$32,500.00 threshold. The Settlement Administrator will issue Plaintiffs' Counsel an IRS Form 1099 for the attorneys' fees and costs paid under this Agreement. In the event that the Court awards less than the requested attorney's fees and/or costs, the portion of the requested amounts not awarded to Plaintiffs' Counsel shall be added to the Net Settlement Amount to be distributed to Participating Class Members on a pro rata basis as described in Section 5.8.

1 5.3 Settlement Administrator Costs: The Settlement Administrator Costs shall be paid from the
2 Gross Settlement Amount and shall not exceed \$12,500.00. The difference between any actual costs and
3 the allocated \$12,500.00 shall be added to the Net Settlement Amount to be distributed to Participating
4 Class Members on a pro rata basis as described in Section 5.8.

5 5.4 Enhancement Payment: Plaintiffs' Counsel, on behalf of the Class Representative, shall
6 apply to the Court for an Enhancement Payment to the Class Representative in an amount not to exceed
7 Ten Thousand Dollars and Zero Cents (\$10,000.00) to compensate for the risks, time, and expense of
8 Hernandez's involvement in the Actions and securing the benefits of this Agreement for Class Members.
9 The Enhancement Payment is in addition to the Individual Settlement Amount the Class Representative
10 would otherwise be due under the Agreement as a Participating Class Member. Defendants have agreed
11 to not oppose Plaintiffs' Counsel's request for an Enhancement Payment to the Class Representative so
12 long as it does not exceed the amount stated herein. The Enhancement Payment will be designated as a
13 non-wage payment and reported on an IRS Form 1099-MISC. In the event that the Court awards less than
14 the Enhancement Payment amount requested, then any portion of the requested amount not awarded shall
15 be added to the Net Settlement Amount distributed to Participating Class Members on a pro rata basis as
16 described in Section 5.8.

17 5.5 PAGA Amount: Two Hundred and Eighteen Thousand Seven Hundred and Fifty Dollars
18 and Zero Cents (\$218,750.00) of the Gross Settlement Amount shall be allocated to resolving claims
19 under the PAGA. Seventy-Five percent (75%) of the PAGA Amount, or \$164,062.50, will be paid to the
20 LWDA ("the LWDA Payment"). Twenty-five percent (25%) of the PAGA Amount, or \$54,687.50, will
21 be distributed to Aggrieved Employees on a pro rata basis as described below in Paragraph 5.8 (the
22 "Employee PAGA Amount").

23 5.6 Treatment of Residue and Cy Pres: For any portion of the Net Settlement Amount or the
24 Employee PAGA Amount allocated to Participating Class Members and/or Aggrieved Employees that
25 were not claimed by cashing their respective settlement checks before the deadline to do so, that remaining
26 amount shall be donated to the Parties' selected *cy pres* recipient, Legal Aid At Work subject to the
27 requirements of California Code of Civil Procedure Section 384, subd. (b). No portion of the Gross
28 Settlement Amount will revert to Defendants for any reason.

1 5.7 No Additional Benefits Contributions: All Individual Settlement Amounts paid to
2 Participating Class Members and/or Aggrieved Employees shall be deemed to be income solely in the year
3 in which such amounts were actually received. It is expressly understood and agreed that the receipt of
4 such Individual Settlement Amounts will not entitle any Participating Class Member or Aggrieved
5 Employee to any new or additional compensation or benefits under any company bonus or other
6 compensation or benefit plan or agreement in place during the period covered by the Agreement, nor will
7 it entitle any Participating Class Member and/or Aggrieved Employee to any increased retirement, 401(k)
8 and/or 403(b) benefits or matching benefits, or deferred compensation benefits. It is the intent of this
9 Agreement that the Individual Settlement Amounts provided for in this Agreement are the sole payments
10 to be made by Defendants to the Participating Class Members and/or Aggrieved Employees in connection
11 with this Agreement (notwithstanding any contrary language or agreement in any benefit or compensation
12 plan document that might have been in effect during the period covered by this Agreement).

13 5.8 Pro Rata Distribution Formula: Payment to Participating Class Members and/or Aggrieved
14 Employees of their Individual Settlement Amount will not require the submission of a claim form. A Net
15 Settlement Amount will be determined by subtracting from the Gross Settlement Amount any amounts for
16 approved attorneys' fees and costs, any Enhancement Payment to the Class Representative, the Settlement
17 Administrator Costs, and the PAGA Amount. Each Class Member's share will be initially determined by
18 dividing their total Qualifying Workweeks within the Class Period by the total Qualifying Workweeks of
19 all Class Members. That fraction will then be multiplied by the Net Settlement Amount to arrive at the
20 Class Member's individual share of the Net Settlement Amount. Any funds allocated to Class Members
21 under this formula who timely opt out of the Settlement will be redistributed to Participating Class
22 Members on a pro rata basis, *i.e.* each Participating Class Member's share will be determined by dividing
23 their total Qualifying Workweeks within the Class Period by the total Qualifying Workweeks of all
24 Participating Class Members and that fraction will then be multiplied by the Net Settlement Amount to
25 arrive at the Participating Class Member's individual share of the Net Settlement Amount. Each Aggrieved
26 Employee's share of the Employee PAGA Amount will be determined by dividing their total Qualifying
27 Pay Periods within the PAGA Period by the total Qualifying Pay Periods by all Aggrieved Employees
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1 within the PAGA Period. That fraction will then be multiplied by the Employee PAGA Amount (or
2 \$54,687.50) to arrive at the Aggrieved Employee's individual share.

3 5.9 Tax Allocation: The Parties recognize that the Individual Settlement Amounts to be paid to
4 Participating Class Members and/or Aggrieved Employees reflect a settlement of a dispute over claimed
5 penalties and wages. The Settlement Administrator shall calculate the employer's share of payroll taxes
6 on the amounts paid to Participating Class Members as wages as well as calculating all required
7 withholdings and deductions from said wage payments. The characterization of Individual Settlement
8 Amounts to Participating Class Members and Aggrieved Employees are as follows:

9 5.9.1 20% of each Participating Class Members' share of the Net Settlement Amount shall
10 be allocated for payment of disputed wages and shall be subject to required employer taxes. Participating
11 Class Members shall receive an IRS Form W-2 for reporting of this portion of their Individual Settlement
12 Amount.

13 5.9.2 80% of each Participating Class Members' share of the Net Settlement Amount shall
14 be allocated for disputed statutory penalties and interest, and no amount shall be deducted for any taxes.
15 This portion of the Individual Settlement Amount consists of other income, not wages, for which the
16 Participating Class Members shall receive IRS Forms 1099-MISC and 1099-INT and this payment shall
17 be divided equally among the 1099-MISC and 1099-INT designations.

18 5.9.3 The entirety (100%) of each Aggrieved Employee's share of Employee PAGA
19 Amount or \$54,687.50 shall be allocated for payment of disputed civil penalties, and no amount shall be
20 deducted for any taxes. This portion of the Individual Settlement Amount consists of other income, not
21 wages, for which the Aggrieved Employees shall receive an IRS Form 1099-MISC.

22 5.10 Participating Class Members and Aggrieved Employees shall be solely responsible for the
23 reporting and payment of their share of any federal, state and/or municipal income or other taxes on
24 payments made pursuant to this Agreement, and shall hold the Parties, Plaintiffs' Counsel, and Defendants'
25 Counsel free and harmless from any claims resulting from treatment of such payments as non-taxable,
26 including the treatment of such payments as not subject to withholding or deduction for payroll and
27 employment taxes. No party has made any representation to any of the other Parties as to the taxability of
28 any payments pursuant to this Agreement, including the payments to Participating Class Members, the

1 payments to Aggrieved Employees, the payments to Plaintiffs' Counsel, the payments to the Class
2 Representative, the payroll tax liability of Defendants, or the allocation of the Net Settlement Amount or
3 Employee PAGA Amount to wage and non-wage income as provided in this Section, or otherwise as to
4 tax implications of any provision of this Agreement.

5 5.11 No Additional Contribution by Defendants: Defendants' monetary obligation under this
6 Agreement is limited to the Gross Settlement Amount and any employer side payroll taxes owed on
7 amounts characterized as wages under this Agreement unless Section 10.2 is triggered and the Gross
8 Settlement Amount increased. All other costs and expenses arising out of or in connection with the
9 performance of this Agreement shall be paid from the Gross Settlement Amount, unless expressly provided
10 otherwise herein. However, in the event this agreement is deemed null and void as described in Section 3
11 because the Court, in its independent determination, finds that the Agreement does not meet the standards
12 for settlement approval, then Defendants and Plaintiffs shall be equally responsible for the costs of the
13 Settlement Administrator incurred between the date the Agreement was executed and the date of such
14 event.

15 5.12 Certification For Settlement Purposes: The Parties agree that, for purposes of settlement
16 only, certification of the class as defined in Section 1.4 and 4.1 is appropriate and the requisites for
17 establishing class certification have been met and are met.

18 5.13 Adequacy of Plaintiffs' Counsel and Class Representatives: The Parties agree that, for
19 purposes of settlement only, Shimoda & Rodriguez Law, PC, and Plaintiff Jose Hernandez are adequate
20 representatives for Class Members. The Parties also agree that, for purposes of settlement only Plaintiffs'
21 Counsel and Plaintiffs Pete Cruz and Jose Hernandez are adequate representatives for Aggrieved
22 Employees.

23 **6. RELEASE**

24 6.1 Release of Claims by Participating Class Members: Upon the date Defendants fully fund
25 the Gross Settlement Amount and all employer payroll taxes owed on the wage portion of the Individual
26 Settlement Amounts, all Participating Class Members will be deemed to fully, finally and forever release
27 the Released Class Claims as to all Released Parties.

6.2 Release of Claims by Aggrieved Employees: Upon the date Defendants fully fund the Gross Settlement Amount and all employer payroll taxes owed on the wage portion of the Individual Settlement Amounts, all Aggrieved Employees will be deemed to fully, finally and forever release the Released PAGA Claims as to all Released Parties.

6.3 Release by Class Representative: Upon the date Defendants fully fund the Gross Settlement Amount and all employer payroll taxes owed on the wage portion of the Individual Settlement Amounts, the Class Representative will be deemed to fully, finally and forever release the Class Representative's Released Claims as to all Released Parties.

7. SETTLEMENT ADMINISTRATION

7.1 Duties of Settlement Administrator: The Settlement Administrator shall be responsible for: 1) receiving Class Member and Aggrieved Employee contact information and confirming addresses are valid; 2) calculating estimated Individual Settlement Amounts and any and all taxes associated with the Individual Settlement Amounts, including employer taxes; 3) taking appropriate steps to trace and locate any individual Class Members and Aggrieved Employee whose address or contact information as provided to the Settlement Administrator is inaccurate or outdated and mailing the Notice of Settlement to Class Members and Aggrieved Employees; 4) providing notification to the appropriate state and federal officials of this Agreement as required under the law; 5) receiving, independently reviewing, and resolving any challenges (in consultation with Plaintiffs' Counsel and Defendants' Counsel) from Class Members or Aggrieved Employees, including any associated documentation, regarding their Qualified Workweek and/or Qualified Pay Period calculations; 6) receiving and serving on Plaintiffs' Counsel, Defendants' Counsel, and the Court, copies of any written objections, and/or any opt out statements; 7) establishing a toll free telephone line and responding to inquiries and requests for information or assistance from Class Members and/or Aggrieved Employees; 8) maintaining a QSF; 9) determining and paying the final amounts due to be paid under the Agreement after resolution of all challenges, disputes, opt-outs, awarded attorneys' fees and costs, Settlement Administrator Costs, PAGA Amount, taxes, any Enhancement Payment, and for funds that cannot be distributed due to the inability to locate Class Members or Aggrieved Employees; 10) determining the validity of any disputes or late opt-outs by previously unidentified Class Members or Aggrieved Employees; 11) paying any funds from uncashed checks to the *cypres* beneficiary; 12) reporting

1 to Plaintiffs' Counsel and Defendants' Counsel regarding the statistics of the administration, including (a)
2 the number of initial Notice of Settlements mailed; (b) the number of forwarded Notice of Settlements; (c)
3 the number of re-mailed Notice of Settlements; (d) the number of total undeliverable Notice of Settlements;
4 (e) the number of address traces performed for undeliverable Notice of Settlements; (f) the number of
5 Notice of Settlements undeliverable from traced addresses; (g) the number of total objections received; (h)
6 the number of opt-out requests received; (i) the number of disputes received; (j) the number of disputes
7 resolved; 13) providing a declaration to the Court regarding the final statistics of the administration and
8 compliance with all payment obligations under the Agreement; 14) completing all necessary tax reporting
9 on the QSF and payment of the Individual Settlement Amounts to Participating Class Members and
10 Aggrieved Employees; and 15) carrying out other related tasks as necessary to effectuate the terms of this
11 Agreement and any Order of the Court. All disputes relating to the Settlement Administrator's ability and
12 need to perform its duties shall be referred to the Court, if necessary, which will have continuing
13 jurisdiction over the terms and conditions of this Agreement, until all payments and obligations
14 contemplated by the Agreement have been fully executed.

15 7.2 Notice to Class Members and Aggrieved Employees: The Notice of Settlement will be in
16 English and Spanish. The Notice of Settlement will provide Class Members and Aggrieved Employees
17 with a summary of the terms and conditions of the Agreement, how to participate in the settlement, how to
18 object to the Agreement, how to dispute the individual's Qualifying Workweeks and/or Qualifying Pay
19 Periods, and how to opt-out from the Agreement. The Notice of Settlement will also inform Class Members
20 and Aggrieved Employees of the Gross Settlement Amount, Net Settlement Amount, proposed attorneys'
21 fees and costs allocations, any proposed Enhancement Payment, proposed Settlement Administrator Cost
22 allocations, proposed PAGA Amount allocations, the scope of the class, the nature and extent of the
23 released claims, dates set for a fairness hearing and hearing on Plaintiffs' Counsels' motion for attorneys'
24 fees and costs. The Notice of Settlement shall include information regarding Class Member's and
25 Aggrieved Employee's estimated Individual Settlement Amount. The Notice of Settlement will provide
26 information on how to access electronic copies online of the Notice of Settlement, any motions for approval
27 of the Agreement, any motions for approval of attorneys' fees and costs, and any other documents as the
28 Court directs.

1 7.3 Class Member Data and Mailing: No later than fourteen (14) calendar days after the
2 Preliminary Approval Date, Defendants shall provide the Settlement Administrator with the first and last
3 name, last known mailing address, last known telephone number, Social Security Number, hire dates, and
4 termination dates for each Class Member and Aggrieved Employee, and any other information the
5 Settlement Administrator needs to effectuate notice to Class Members and Aggrieved Employees as
6 outlined herein (the “Class List”). The Settlement Administrator shall review the data to determine the
7 number of Qualifying Workweeks for each Class Member and Qualifying Pay Periods for each Aggrieved
8 Employee. No later than fourteen (14) calendar days after receipt of such address information, the
9 Settlement Administrator will perform a national change of address (“NCOA”) search, update the addresses
10 per the results of the NCOA search, and then mail the Notice of Settlement, substantially in the form
11 attached as Exhibit 1, to each Class Member and Aggrieved Employee by first-class mail, postage prepaid.
12 The Settlement Administrator shall maintain all information received from Defendants confidential to
13 itself, and Defendants’ Counsel. However, Plaintiffs’ Counsel shall be able to review the breakdown of
14 Qualified Workweeks and Qualified Pay Periods and the estimated Individual Settlement Amounts for
15 Class Members and Aggrieved Employees prior to mailing for quality assurance provided the personal
16 identifying information is redacted and/or omitted.

17 7.4 Returned and/or Re-mailed Notice of Settlements: In the event that a Notice of Settlement
18 is returned to the Settlement Administrator as undeliverable on or before the conclusion of the Notice
19 Period, the Notice of Settlement shall be sent to the forwarding address affixed thereto within five (5)
20 calendar days. If no forwarding address is provided, then the Settlement Administrator shall promptly
21 attempt to determine a correct address using a skip-trace, computer or other search using the name, address
22 and/or Social Security number of the individual involved, and shall then perform a single re-mailing within
23 five (5) calendar days to any more recent address found as a result of the search. Following each search
24 that does not result in a corrected address, for those Class Members and/or Aggrieved Employees who
25 appear to be current employees of Defendants at the time of the Preliminary Approval Date, the Settlement
26 Administrator shall contact Defendants’ Counsel for assistance and Defendants shall cooperate in good
27 faith with the Settlement Administrator’s reasonable efforts to obtain valid mailing addresses for Class
28 Members and/or Aggrieved Employees to the extent they are active employees of Defendants. In the event

1 the Notice of Settlement is forwarded to a new address and/or re-mailed to a Class Member, the deadline
2 for the Class Member to submit any request to opt-out, a dispute, or an objection shall be the end of the
3 Notice Period or 10 days from the date of the re-mailing/forwarding to a new address, whichever is later.
4 In the event the procedures in this Section are followed and the Class Member does not timely and properly
5 request to opt-out, the Class Member shall be bound by all terms of the Agreement, including the releases
6 contained in Section 6.

7 7.5 Responses to Notice of Settlement:

8 7.5.1 *Opt-Outs:* The Notice of Settlement shall provide that Class Members who wish to
9 exclude themselves from the Agreement must submit a request to opt-out as provided in this Section. The
10 request to opt-out must (a) state the Class Member's full name and date of birth; (b) a statement that he or
11 she does not want to be a Class Member, does not want to participate in the settlement, and/or wants to be
12 excluded from the settlement; (c) identify the case name and number (*i.e. Cruz, et al. v. QuantumScape, et*
13 *al.*, Case No. 23CV427117); (d) be signed; and (e) be post-marked no later than the conclusion of the
14 Notice Period or the re-mailing timeline stated in Section 7.4. The Class Member must personally sign the
15 request to opt-out. No request to opt-out may be made on behalf of a group of Class Members. The date
16 of the postmark on the return-mailing envelope shall be the exclusive means used to determine whether a
17 request to opt-out has been timely submitted. Any Class Member who requests to opt-out of the Agreement
18 will not be entitled to any portion of the Net Settlement Amount nor will they have any right to object,
19 appeal or comment thereon. The name of any Class Member who submits a valid and timely opt out request
20 will be specifically identified in any proposed order granting final approval. Class Members who fail to
21 submit a valid and timely request to opt-out shall be bound by all terms of the Agreement and any order or
22 final judgment thereon. Regardless of whether an Aggrieved Employee opts out of being a Class Member,
23 they will still receive their share of the Employee PAGA Amount as Aggrieved Employees cannot opt out
24 of this Agreement as it relates to the PAGA Amount or Released PAGA Claims.

25 7.5.2 *Objection Procedures:* Any Class Member who does not opt-out, but who wishes
26 to object to this Agreement or otherwise to be heard concerning this Agreement, may submit a written
27 objection to the Settlement Administrator, who will promptly provide copies of the objection to Plaintiffs'
28 Counsel and Defendants' Counsel. The Notice of Settlement shall make clear that the Court can only

1 approve or deny the Agreement, not change the terms of the Agreement. The written objection should (a)
2 state the Class Member's full name and date of birth; (b) provide evidence that the individual is, in fact, a
3 Class Member; (c) state the reasons for the objection(s), including any supporting documentation; (d)
4 identify the case name and number (*i.e. Cruz, et al. v. QuantumScape, et al.*, Case No. 23CV427117); (e)
5 be signed; and (f) be post-marked no later than the conclusion of the Notice Period or the re-mailing
6 timeline stated in Section 7.4. Additionally, or in the alternative to sending a written objection to the
7 Settlement Administrator, any Class Member may appear at the final approval hearing to state their
8 objection, provided they notify the Court of their intention to do so via filing a notice of intent to appear at
9 the final approval hearing.

10 7.5.3 *Dispute Procedures:* Any Class Member and/or Aggrieved Employees who
11 disputes the number of Qualifying Workweeks or Qualifying Pay Periods, respectively, on the Notice of
12 Settlement shall contact the Settlement Administrator. The dispute must (a) identify the nature of the
13 dispute; (b) provide any information or documentation supporting the dispute; (c) be signed; and (d) be
14 post-marked no later than the conclusion of the Notice Period or the re-mailing timeline stated in Section
15 7.4. The Settlement Administrator shall promptly (in no event more than two business days) forward all
16 such disputes to Defendants' Counsel and request that Defendants review the dispute. Defendants' records
17 shall presumptively control unless the Class Member and/or Aggrieved Employee can produce
18 documentation evidencing other periods of employment worked. If Defendants agree with submitted
19 information, the Class Member and/or Aggrieved Employee shall be credited or subtracted Qualifying
20 Workweeks and/or Qualifying Pay Periods, respectively, in accordance with their submitted dispute and
21 that final number of Qualified Workweeks and/or Qualifying Pay Periods shall govern the calculation of
22 that Class Member's and/or Aggrieved Employee's Individual Settlement Amount. If Defendants disagree
23 with the submitted information, Defendants' Counsel will promptly advise Plaintiffs' Counsel of the
24 dispute, which includes turning over any documentation submitted by the Class Member as part of the
25 dispute. Defendants' Counsel and Plaintiffs' Counsel shall attempt in good faith to resolve any such dispute
26 within five (5) calendar days of Plaintiffs' Counsel being advised of the dispute. Each dispute that
27 Defendants' Counsel and Plaintiffs' Counsel cannot timely resolve shall be resolved by the Settlement
28 Administrator, subject to Court review.

1 7.5.4 *Deficient Opt-Outs, Objections, or Disputes:* In the event that a deficient opt-out,
2 objection, or dispute is received on or before the conclusion of the Notice Period, the Settlement
3 Administrator shall mail a letter to the Class Member within five (5) calendar days informing them of the
4 deficiency. If a deficiency letter is mailed to a Class Member, the deadline for the Class Member to cure
5 the deficiency shall be the end of the Notice Period or 10 calendar days from the date of the deficiency
6 letter, whichever is later.

7 7.6 Due Process Acknowledgement: Compliance with the procedures set forth in Sections 7.1
8 to 7.5.4 shall constitute due and sufficient notice to Class Members of the Actions and the Agreement and
9 shall satisfy Class Members' due process rights. Nothing else shall be required of the Parties, Plaintiffs'
10 Counsel or Defendants' Counsel to provide notice of the proposed Agreement.

11 7.7 Settlement Administrator Declaration Regarding Notice Period: Within fourteen (14)
12 calendar days after the conclusion of the Notice Period, the Settlement Administrator shall provide
13 Plaintiffs' Counsel and Defendants' Counsel with a signed declaration under penalty of perjury providing
14 a complete and detailed report regarding the statistics and responses of settlement administration to date
15 and all the Settlement Administrators' obligations under Sections 5.8 to 5.9.3 and 7.1 to 7.5.4.

16 7.8 Settlement Administrator Payments to Participating Class Members, Aggrieved Employees,
17 Plaintiffs' Counsel and Plaintiffs: Within seven (7) calendar days after the Effective Date and the Court's
18 determination of the amount of attorneys' fees and costs payable to Plaintiffs' Counsel, the Enhancement
19 Payment payable to the Class Representative, the PAGA Amount, and Settlement Administrator Costs, the
20 Settlement Administrator shall calculate the final Net Settlement Amount, the final Individual Settlement
21 Amounts for Participating Class Members and/or Aggrieved Employees, any applicable taxes thereon, and
22 report the results of these calculations Plaintiffs' Counsel and Defendants' Counsel. Defendants shall wire
23 the Gross Settlement Amount and applicable taxes necessary to fund the Settlement as described in Section
24 5.1 to the Settlement Administrator within thirty-one (31) calendar days after the Effective Date to be held
25 in trust in a QSF. Within seven (7) calendar days after Defendants fund the settlement, the Settlement
26 Administrator shall deliver payment of Plaintiffs' Counsels' attorney's fees and costs, the Enhancement
27 Payment payable to the Class Representative, the LWDA Payment, Settlement Administrator Costs, and
28

1 payment to Participating Class Members and/or Aggrieved Employees as required under this Agreement
2 and approved by Court.

3 7.8.1 The Settlement Administrator shall wire the Court-approved attorneys' fees and
4 costs to Plaintiffs' Counsel unless another method is requested by Plaintiffs' Counsel. Plaintiffs' Counsel
5 shall provide the Settlement Administrator with the pertinent taxpayer identification number and payment
6 instructions after the Final Approval Date.

7 7.8.2 The Settlement Administrator shall send a check by mail for the Court-approved
8 Enhancement Payment to the Class Representative, care of Shimoda & Rodriguez Law, PC, unless another
9 method is requested by Shimoda & Rodriguez Law, PC.

10 7.8.3 Only Participating Class Members and Aggrieved Employees will receive their
11 Individual Settlement Amount.

12 7.8.4 The Settlement Administrator shall remit and report the applicable portions of the
13 payroll tax payment to the appropriate taxing authorities on a timely basis pursuant to its duties under this
14 Agreement. Defendants agree to reasonably cooperate with the Settlement Administrator to the extent
15 necessary to determine the amount of the payroll tax payment required.

16 7.9 Settlement Check Expiration and Uncashed Checks: The Settlement Administrator shall
17 issue Individual Settlement Amounts to Participating Class Members and Aggrieved Employees in the
18 form of a check, which shall become null and void if not deposited within one hundred eighty (180)
19 calendar days of issuance. After one hundred eighty (180) calendar days of issuance, the checks shall be
20 voided and funds from all uncashed checks shall be transmitted in accordance with Section 5.6. The
21 Settlement Administrator shall deliver these funds within fourteen (14) calendar days after the check
22 cashing deadline.

23 7.10 Settlement Administrator Declaration Regarding Compliance and Settlement
24 Administration: Within twenty-one (21) calendar days after the last day for Participating Class Members
25 and Aggrieved Employees to cash their settlement checks, the Settlement Administrator shall provide
26 Plaintiffs' Counsel and Defendants' Counsel with a signed declaration under penalty of perjury providing
27 a complete and detailed report regarding the settlement administration documenting that all payments under
28

the Agreement have been made, that the Court's final approval order has been complied with, and that all the obligations of the Settlement Administrator have been completed.

8. PRELIMINARY SETTLEMENT ADMINISTRATION SCHEDULE

8.1 The schedule may be modified depending on whether and when the Court grants necessary approvals, orders notice to Class Members and Aggrieved Employees, and sets further hearings. The schedule may also be modified to correct clerical errors and to reflect the provisions in the Agreement as described above. In the event of such modification, the Parties shall cooperate to complete the settlement procedures as expeditiously as reasonably practicable. The preliminary schedule for notice, approval, and payment procedures carrying out the Agreement is as follows:

Last day for Defendants to provide Settlement Administrator with Class Member and Aggrieved Employee information (the "Class List")	Within 14 calendar days after the Preliminary Approval Date
Last day for Settlement Administrator to complete NCOA search, update Class Member and Aggrieved Employee mailing information, and mail Notice of Settlement	Within 14 calendar days after the Settlement Administrators' receipt of Class Members' and Aggrieved Employees' information from Defendants
Last day for Class Members to opt-out, submit disputes, submit objections, and submit data requests	60 calendar days after mailing of Notice of Settlement or within 10 days after Notice of Settlement is re-mailed, whichever is later
Last day for Settlement Administrator to provide Parties with signed declaration reporting on settlement administration statistics	Within 14 calendar days after end of the Notice Period
Last day for Settlement Administrator to calculate the final Net Settlement Amount, the final Individual Settlement Amounts for Participating Class Members and/or Aggrieved Employees, any applicable taxes thereon, and report the results of these calculations to Plaintiffs' Counsel and Defendants' Counsel	Within 7 calendar days after the Effective Date

Last day for Defendants to fund settlement	Within 31 calendar days after the Effective Date
Last day for Settlement Administrator to deliver payment of Plaintiffs' Counsel's attorney's fees and costs, Enhancement Payment, the LWDA Payment, Settlement Administrator Costs, payment to Participating Class Members, and payment to Aggrieved Employees	Within 7 calendar days after Defendants have funded the settlement
Last day for Participating Class Members and Aggrieved Employees to cash settlement checks	180 calendar days after issuance of checks to Participating Class Members and Aggrieved Employees
Last day for Settlement Administrator to deliver value of uncashed settlement checks to <i>cy pres</i> beneficiary	Within 14 calendar days after settlement check cashing deadline
Last day for Settlement Administrator to provide Parties with compliance declaration	Within 21 calendar days after settlement check cashing deadline

9. DUTIES OF THE PARTIES

9.1 Second Amended Complaint: The Parties shall stipulate to the filing of a Second Amended Complaint, which shall become the operative Complaint as referenced herein. Plaintiffs shall file the Second Amended Complaint, which will consolidate the Parties, class claims, PAGA claims, and allegations from the *Cruz* Action, *Hernandez* PAGA Action, and *Hernandez* Arbitration into the *Cruz* Action for settlement purposes only.

9.2 Preliminary Approval: The Parties will cooperate in obtaining, through an unopposed motion to be filed as soon as reasonably practicable, an order from the Court preliminarily approving this Agreement at the earliest possible date concurrently with the Court's certification of the Action as a class action for settlement purposes. The Parties further agree to fully cooperate in the drafting and/or filing of any further documents or filings reasonably necessary to be prepared or filed, shall take all steps that may

1 be requested by the Court relating to, or that are otherwise necessary to the approval and implementation
2 of this Agreement and shall otherwise use their respective best efforts to obtain certification for settlement
3 purposes, approval of, and implementation of this Agreement. The Parties will submit this Agreement to
4 the Court for preliminary approval of its terms and for approval of the steps to be taken to obtain its final
5 approval. Within two weeks of this Agreement being fully executed, Plaintiffs' Counsel shall provide a
6 draft of the Preliminary Approval Motion to Defendants' Counsel. Defendants' Counsel will provide
7 comments and/or proposed revisions within two weeks after receipt of the draft Preliminary Approval
8 Motion from Plaintiffs' Counsel. With regard to the final approval documents, a one-week maximum
9 review and response time shall be observed by the Parties. The Parties will request that the Court's
10 preliminary approval of this Agreement be embodied in an Order Granting Preliminary Approval of Class
11 Action and PAGA Settlement.

12 9.2.1 Plaintiffs' motion shall seek an order: 1) Preliminarily approving the Agreement; 2)
13 Approving as to form and content the proposed Notice of Settlement; 3) Directing the mailing of the Notice
14 of Settlement by first class mail to Class Members and Aggrieved Employees; 4) Preliminarily appointing
15 Plaintiff(s) and Plaintiffs' Counsel as representatives of Class Members and/or Aggrieved Employees; 5)
16 Preliminarily approving settlement administration services to be provided by the Settlement Administrator;
17 6) Preliminarily approving the proposed Enhancement Payment to the Class Representative; 7)
18 Preliminarily approving the application for payment of reasonable attorneys' fees and reimbursement of
19 litigation-related expenses to Plaintiffs' Counsel; and 8) Scheduling a fairness hearing on the question of
20 whether the proposed Agreement should be finally approved as fair, reasonable and adequate as to the
21 Class Members.

22 9.2.2 Defendants shall not oppose Plaintiffs' motion for approval of the proposed
23 Agreement.

24 9.2.3 The Parties shall cooperate with each other and the Settlement Administrator during
25 the process of giving Class Members notice and opportunity to object to the Agreement, as necessary and
26 appropriate to assure effective communication to individual Class Members of information about their
27 rights and obligations under this Agreement.
28

1 9.2.4 Upon preliminary approval of the Agreement, Plaintiff Hernandez will dismiss the
2 class claims in the *Hernandez* Arbitration without prejudice and file a Request for Dismissal of the
3 *Hernandez* PAGA Action without prejudice. To the extent Plaintiffs' Motion for Final Approval of Class
4 Action and PAGA Settlement is denied with prejudice, the statute of limitations associated with these
5 claims shall be deemed tolled as of the date of their original filing and up to thirty (30) days after the denial
6 with prejudice so that Plaintiff Hernandez may refile the class claims arbitration and refile the PAGA
7 claims in the *Hernandez* PAGA Action as the Parties return to the status quo existing before the Agreement
8 was entered into.

9 9.3 Final Approval and Fairness Hearing: On a date approved by the Court and set forth in the
10 Notice of Settlement, the Court shall hold the Final Approval and Fairness Hearing where objections, if
11 any, may be heard. Plaintiffs' Counsel shall provide the Court as part of the motion for final approval of
12 the Agreement, a declaration by the Settlement Administrator of due diligence and proof of mailing of the
13 Notice of Settlement required to be mailed to Class Members by this Agreement, and of the delivery results
14 of the Settlement Administrator's mailings including tracing and re-mailing efforts. The Settlement
15 Administrator declaration shall identify, by name, any Class Member who submitted a timely and valid
16 request to opt out during the Notice Period. The Settlement Administrator declaration shall also identify,
17 by name, any Class Member who submitted a timely written objection and attach the objection as an exhibit
18 to the declaration.

19 9.3.1 Plaintiffs' Counsel and Defendants' Counsel shall work in good faith to draft a
20 mutually agreeable Proposed Order Granting Final Approval of Class Action and PAGA Settlement and
21 Final Judgment. The Proposed Order Granting Final Approval of Class Action and PAGA Settlement and
22 Final Judgment shall include findings and orders: 1) Approving the Agreement, adjudging the terms thereof
23 to be fair, reasonable and adequate, and directing that its terms and provisions be carried out; 2) Approving
24 the payment of an Enhancement Payment to the Class Representative; 3) Approving Plaintiffs' Counsel's
25 application for an award of attorneys' fees and reimbursement of out-of-pocket litigation expenses; 4)
26 Approving the Settlement Administrator Costs; and 5) Providing that the Court will retain jurisdiction to
27 oversee administration and enforcement of the terms of the Agreement and the Court's orders.
28

1 9.3.2 Following entry of the Court’s order granting final approval of the Agreement, the
2 Parties will each act to ensure the fulfillment of all its provisions, including but not limited to the following:
3 1) Should an appeal be taken from the final approval of the Agreement or motion to set aside the judgement
4 be filed, all parties will support the final approval order on appeal or otherwise; 2) Plaintiffs’ Counsel will
5 assist the Settlement Administrator as needed or requested in the process of identifying and locating
6 Participating Class Members and Aggrieved Employees entitled to payments under the Agreement and
7 assuring delivery of such payments; 3) Plaintiffs’ Counsel and Defendants’ Counsel will cooperate with
8 each other and assist the Settlement Administrator as needed or requested in completing the distribution of
9 any uncashed settlement checks, as specified above, to the *cy pres* beneficiary; 4) Plaintiffs’ Counsel, in
10 conjunction with the Settlement Administrator, will certify to the Court completion of all payments
11 required to be made by this Agreement.

12 9.4 Final Judgment: If the Court approves this Agreement at the final approval and fairness
13 hearing, the Parties will request that the Court enter an Order Granting Final Approval of Class Action and
14 PAGA Settlement and Final Judgment.

15 9.5 Notice to LWDA: Plaintiffs will provide notice to the Labor and Workforce Development
16 Agency (“LWDA”) of this settlement in accordance with Labor Code § 2699(1)(2).

17 **10. MISCELLANEOUS TERMS**

18 10.1 Defendants’ Right to Withdraw Based on Opt-Outs: If, prior to the Final Approval Date,
19 10% or more of the Class Members have submitted proper and timely requests to opt-out in accordance
20 with the provisions of the Agreement, Defendants may rescind the Agreement and all actions taken in its
21 furtherance will be thereby null and void. Defendants must exercise this right of rescission, in writing, to
22 Plaintiffs’ Counsel, within seven (7) calendar days after the Settlement Administrator notifies the Parties
23 of the total number of opt-outs. If the option to rescind is exercised, then any Settlement Administrator
24 Costs incurred up to that time shall be paid by Defendants.

25 10.2 Escalator Clause: Defendants have represented that Class Members worked approximately
26 5,592 workweeks and PAGA Employees worked around 20,109 pay periods as of January 15, 2025.
27 Should the Qualifying Workweeks worked by Class Members during the Class Period increase by more
28 than 10%, Defendants, at their sole discretion, have the option of either: (i) increasing the Gross Settlement

1 Amount on a pro-rata basis equal to the percentage increase in the number of workweeks worked by the
2 Class Members above 10% (for example, if the number of workweeks increases by 11%, the Gross
3 Settlement Amount will increase by 1%), which will be added to the Net Settlement Amount for payment
4 to Participating Class Members; or (ii) shorten the Class Period to an earlier date by which 5,592
5 workweeks plus an additional 559.2 workweeks are covered by the Class Period (i.e., shorten the Class
6 Period to end on a date where the total number of Qualifying Workweeks is 6,151.2 or under). Should the
7 Qualifying Pay Periods worked by PAGA Employees during the PAGA Period increase by more than 10%,
8 Defendants shall have the option of either: (1) increasing the GSA on a pro-rata basis equal to the
9 percentage increase in the number of pay periods worked by PAGA Employees above 10% (for example,
10 if the number of pay periods increases by 11%, the GSA will increase by 1%), which will be added to the
11 PAGA Amount for settling the PAGA claims for civil penalties; or (ii) shorten the PAGA Period to an
12 earlier date by which 20,109 pay periods plus 2,010.9 pay periods are covered by the PAGA Period (i.e.,
13 shorten the PAGA Period to end on a date where the total number of Qualifying Pay Periods is 22,119.9 or
14 under). If this provision is triggered and the Gross Settlement Amount is increased, the Parties agree that
15 Plaintiffs' Counsel's fees shall be one-third (1/3) of the increased Gross Settlement Amount.

16 10.3 Circular 230 Disclaimer: EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF
17 THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT
18 OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND
19 AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN
20 COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR
21 ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH
22 COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON
23 AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT
24 CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS
25 RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX
26 COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS
27 AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE
28 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY

1 OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR
2 DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX
3 PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO
4 ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT
5 PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX
6 STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON
7 DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX
8 STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY
9 THIS AGREEMENT.

10 10.4 No Prior Assignments: The Parties represent, covenant, and warrant that they have not
11 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to
12 any person or entity any portion of any liability, claim, demand, action, cause of action or right released
13 and discharged in this Agreement.

14 10.5 Waiver of Appeal and Ability to Opt Out: To the extent permitted by applicable law, by
15 signing this Agreement Defendants are waiving any rights to appeal from the Court's approval of the
16 settlement unless the Court materially modifies the settlement. Furthermore, by signing this Agreement
17 Plaintiffs are waiving any right or ability to opt out of this Agreement during the Notice Period or otherwise.

18 10.6 Exhibits Incorporated by Reference: The terms of this Agreement include the terms set
19 forth in any attached Exhibits, which are incorporated by this reference as though fully set forth in this
20 Agreement. Any Exhibits to this Agreement are an integral part of the Settlement.

21 10.7 Judgment and Retention of Jurisdiction to Enforce: Upon the Effective Date, judgment will
22 be entered according to this Agreement. The Parties stipulate and agree that the Santa Clara County
23 Superior Court shall have continuing jurisdiction to enforce the terms of the Agreement pursuant to Civil
24 Procedure Code section 664.6 and that the prevailing party any action necessary to enforce the terms of the
25 Agreement after default by the other party may recover reasonable attorney's fees and costs related thereto.

26 10.8 Mutual Cooperation: The Parties agree to cooperate fully with one another to accomplish
27 and implement the terms of this Agreement. Such cooperation shall include, but not be limited to, execution
28 of such other documents and the taking of such other action as may reasonably be necessary to fulfill the

terms of this Agreement. The Parties to this Agreement shall use their best efforts, including all efforts contemplated by this Agreement and any other efforts that may become necessary by Court order, or otherwise, to effectuate this Agreement and the terms set forth herein.

10.9 No Admission of Liability: Neither the acceptance nor the performance by Defendants of the terms of this Agreement, nor any of the related negotiations or proceedings, is or shall be claimed to be, construed as, or deemed to be, an admission by Defendants of the truth of any of the allegations in the Complaint, the representative character of the Action, the validity of any of the claims that were or could have been asserted by Plaintiffs and/or Class Members in the Actions, or of any liability or guilt of Defendants in the Action. Nothing in this Agreement shall be construed to be or deemed an admission by Defendants of any liability, culpability, negligence, or wrongdoing toward Plaintiffs, the Class Members, or any other person, and Defendants specifically disclaim any liability, culpability, negligence, or wrongdoing toward Plaintiffs, the Class Members, or any other person. Each of the Parties has entered into this Stipulation with the intention to avoid further disputes and litigation.

10.10 Notices: Unless otherwise specifically provided herein, all notices, demands, or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the third business day after mailing by United States certified mail, return receipt requested, addressed as follows:

To Plaintiffs:

Galen T. Shimoda
Justin P. Rodriguez
Renald Konini
Austin Sork
SHIMODA & RODRIGUEZ LAW, PC
9401 East Stockton Blvd., Suite 120
Elk Grove, CA 95624

Roman Shkodnik
Emma Geesaman
Enoch J. Kim
Arianna N. Razi
D.LAW, INC.
250 N. Madison Avenue
Pasadena, CA 91101-1639

To Defendants:

Shirley C. Wang
Ren M. Kuan
SABER LAW GROUP
101 Howard Street, 4th Floor
San Francisco, California 94105

1 10.11 Mutual Drafting of Agreement: The Parties hereto agree that the terms and conditions of
2 this Agreement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that
3 this Agreement shall not be construed in favor of or against any party by reason of the extent to which any
4 party or its counsel participated in the drafting of this Agreement.

5 10.12 Attorneys' Fees and Costs Limitations: Neither Plaintiffs' Counsel nor any other attorneys
6 acting for, or purporting to act for, the Class, Class Members, or Plaintiffs, may recover or seek to recover
7 any amounts for fees, costs, or disbursements from the Releasees or the Gross Settlement Amount except
8 as expressly provided in this Agreement.

9 10.13 No Modifications: This Agreement may be amended or modified only by a written
10 instrument signed by counsel for all Parties or their successors-in-interest. This Agreement may not be
11 discharged except by performance in accordance with its terms.

12 10.14 Authorization to Enter Into Settlement Agreement: Counsel for all Parties warrant and
13 represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement and
14 to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement
15 to effectuate its terms and to execute any other documents required to effectuate the terms of this
16 Agreement.

17 10.15 Class Member Signatories: Because the Action has not yet been certified, and the Class
18 Members are so numerous, the Parties agree that it is impossible or impractical to have each Class Member
19 sign this Agreement. It is agreed that, for purposes of seeking approval of the Agreement, this Agreement
20 may be executed on behalf of all Class Members by the Class Representative.

21 10.16 Counterparts: This Agreement shall become effective upon its execution by all of the
22 undersigned. Plaintiffs, Plaintiffs' Counsel, Defendants and Defendants' Counsel may execute this
23 Agreement in counterparts, and execution of counterparts shall have the same force and effect as if each
24 had signed the same instrument. Facsimile, electronic, and/or scanned copies of signatures shall have the
25 same force and effect of originals.

26 10.17 Choice of Law: The Agreement and any exhibits hereto shall be considered to have been
27 negotiated, executed, and delivered, and to have been wholly performed, in the State of California, and the
28 rights and obligations of the Parties to the Agreement shall be construed and enforced in accordance with,

1 and governed by, the substantive laws of the State of California without giving effect to that State's choice
2 of law principles.

3 10.18 Headings and Captions: Section titles or captions contained in the Agreement are inserted
4 as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of
5 this Agreement, or any provision thereof.

6 10.19 No Retaliation or Discouragement: The Parties agree they will take no action that could be
7 construed as retaliation against any Class Members or Aggrieved Employee for participating or seeking to
8 participate in this class action settlement. The Parties will not discourage any class member from
9 participating or seeking to participate in this class action settlement. This is a material term of the
10 Agreement and non-breaching Parties will seek court intervention if this provision is breached.

11 10.20 Confidentiality: Plaintiffs and Plaintiffs' Counsel agree to keep the terms of the Agreement
12 confidential and refrain from discussing or referencing this case and/or settlement in any marketing or
13 publicity. This provision shall not prevent Plaintiffs' Counsel from discussing or disclosing the terms of
14 the Agreement as necessary in relation to seeking Court approval of the Settlement and providing notice to
15 Class Members and Aggrieved Employees of the Settlement and its terms. This confidentiality requirement
16 does not apply to communications with any state or federal administrative agency, including the SEC.
17 Plaintiffs and Plaintiffs' Counsel acknowledge and agree that the confidentiality provisions contained
18 herein are material terms of this Agreement on which Defendants have relied in entering into it and without
19 which the Defendants would not have entered into this Agreement or performed their obligations
20 hereunder. Plaintiffs and Plaintiffs' Counsel agree that a violation of this provision by Plaintiffs or by
21 Plaintiffs' Counsel shall be a material breach of this Agreement and shall afford Defendants the right to
22 pursue any and all legal remedies upon proof that Plaintiffs or Plaintiffs' Counsel breached the
23 confidentiality provisions of this Paragraph.

24 10.21 Integrated Agreement: This Agreement sets forth the entire understanding between the
25 Parties and supersedes any and all prior agreements, oral or written, pertaining to the Agreement. Each
26 party acknowledges that there is no representation, inducement, promise or agreement which has been
27 made, orally or otherwise, by the other party, concerning the terms or conditions of this Agreement, which
28

is not expressly embodied in this Agreement. In entering into this Agreement, the Parties represent that the terms of this Agreement are fully understood and voluntarily accepted by the Parties.

10.22 Binding on Successors and Assigns: This Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties to this Agreement, as previously defined.

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

10.24 Waiver of Compliance: No waiver of any condition or covenant contained in this 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.

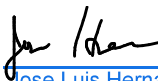
IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized attorneys, as of the day and year herein set forth.

For Plaintiffs:

Date: _____

Pete Cruz

Date: 06/03/2026



[Jose Luis Hernandez \(Jun 3, 2026 08:23:50 PDT\)](#)

Jose Hernandez

For Defendants:

Date: _____

By:

For QuantumScape Corporation

Date: _____

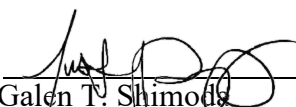
By:

For QuantumScape Battery, Inc.

APPROVED AS TO FORM

SHIMODA & RODRIGUEZ LAW, PC

Dated: 06/03/202

By: 

Galen T. Shimoda

Justin P. Rodriguez

Renald Konini

Austin D. Sork

Attorneys for Plaintiff Jose Hernandez

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IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized attorneys, as of the day and year herein set forth.

For Plaintiffs:

Date: 6/4/2026

DocuSigned by:
Pete Cruz
7907A8D40AB5...

Date: _____

Jose Hernandez

For Defendants:

Date: _____

By:
For QuantumScape Corporation

Date: _____

By:
For QuantumScape Battery, Inc.

APPROVED AS TO FORM

SHIMODA & RODRIGUEZ LAW, PC

Dated: _____

By:
Galen T. Shimoda
Justin P. Rodriguez
Renald Konini
Austin D. Sork
Attorneys for Plaintiff Jose Hernandez

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IN WITNESS WHEREOF, this Agreement is executed by the Parties and their duly authorized attorneys, as of the day and year herein set forth.

For Plaintiffs:

Date: _____

Pete Cruz

Date: _____

Jose Hernandez

For Defendants:

Date: 6/23/2026

DocuSigned by:
Michael McCarthy
C458C9FE0967405...
By: Michael McCarthy, Chief Legal Officer
For QuantumScape Corporation

Date: 6/23/2026

DocuSigned by:
Michael McCarthy
C458C9FE0967405...
By: Michael McCarthy, Chief Legal Officer
For QuantumScape Battery, Inc.

APPROVED AS TO FORM

SHIMODA & RODRIGUEZ LAW, PC

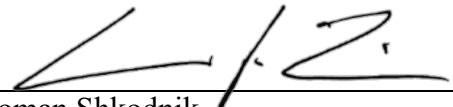
Dated: _____

By: _____
Galen T. Shimoda
Justin P. Rodriguez
Renald Konini
Austin D. Sork
Attorneys for Plaintiff Jose Hernandez

APPROVED AS TO FORM

D.LAW, INC.

Dated: June 4, 2026

By: 

Roman Shkodnik
Emma Geesaman
Enoch J. Kim
Arianna N. Razi
Attorneys for Plaintiff Cruz

APPROVED AS TO FORM

SABER LAW GROUP

Dated: _____

By: _____

Shirley C. Wang
Ren M. Kuan
Attorneys for Defendants QuantumScape
Corporation and QuantumScape Battery, Inc.

1 APPROVED AS TO FORM

D.LAW, INC.

2
3 Dated: _____

By: _____
Roman Shkodnik
Emma Geesaman
Enoch J. Kim
Arianna N. Razi
Attorneys for Plaintiff Cruz

4
5
6
7 APPROVED AS TO FORM

SABER LAW GROUP

8
9 Dated: _____

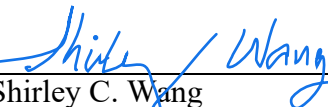
By:  _____
Shirley C. Wang
Ren M. Kuan
Attorneys for Defendants QuantumScape
Corporation and QuantumScape Battery, Inc.

Exhibit 1

SUPERIOR COURT OF CALIFORNIA
FOR THE COUNTY OF SANTA CLARA

PETE CRUZ and JOSE HERNANDEZ, individually and
on behalf of all other similarly situated,

Plaintiffs,

vs.

QUANTUMSCAPE, an entity of unknown form;
QUANTUMSCAPE CORPORATION, a Delaware
corporation; QUANTUMSCAPE BATTERY, INC., a
Delaware corporation; and DOES 1 to 100, inclusive,

Defendants.

Case No. 23CV427117

Related to Case No.: 24CV439603

NOTICE OF PROPOSED CLASS ACTION AND PAGA
SETTLEMENT, AND HEARING DATE FOR FINAL
COURT APPROVAL OF SETTLEMENT

ATTENTION:

All hourly, non-exempt employees who: a) only ever signed arbitration agreements without a class waiver; b) did not sign any release, separation, or settlement agreements waiving the claims alleged in the Actions (inclusive of any waiver of rights to participate in any class or representative PAGA settlement); and (c) worked for Defendant(s) in the State of California at any point between March 1, 2020 through July 6, 2025 ("Class Members").

All hourly, non-exempt employees who did not sign separation agreements with an individual or non-representative PAGA claims waiver and did not sign valid releases of individual PAGA claims and worked for Defendant(s) in the State of California at any point between December 4, 2022 through July 6, 2025 ("Aggrieved Employees" or "PAGA Employees").

PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE RELATES TO A PROPOSED CLASS ACTION AND PAGA SETTLEMENT AND POTENTIAL DISBURSEMENT OF SETTLEMENT FUNDS TO YOU. IF YOU ARE A CLASS MEMBER, IT CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHT TO PARTICIPATE IN OR OPT OUT OF THE SETTLEMENT ACCORDING TO THE PROCEDURES DESCRIBED BELOW.

You are receiving this notice pursuant to an order from the Santa Clara County Superior Court ("Court") granting Plaintiffs' motion for preliminary approval of a Class Action and Private Attorneys General Act ("PAGA") Settlement Agreement ("Agreement" or "Settlement") as fair, reasonable, and adequate. The Settlement was entered into by and between Plaintiffs Pete Cruz ("Cruz") and Jose Hernandez ("Hernandez") (both collectively referred to as "Plaintiffs"), on behalf of themselves, on behalf of all others similarly situated, and on behalf of all aggrieved employees, and Defendants QuantumScape Corporation ("QSC") and QuantumScape Battery, Inc. ("QSB") (collectively, "Defendants" or "QuantumScape"). Plaintiffs and Defendants are referred to herein individually as the "Party" and collectively as the "Parties." The terms of the Settlement are outlined herein.

You are receiving this notice because Defendants' records indicate that you fall within the definition of a "Class Member" and/or an "Aggrieved Employee" as defined above. Defendants' records indicate that you worked [REDACTED] workweeks between March 1, 2020, to July 6, 2025 (the "Class Period") as a Class Member. (If you worked during the Class Period but no amount of workweek is stated, then according to Defendants' records, you signed an arbitration agreement with a class waiver and are, therefore, not a Class Member.) Defendants' records also indicate that you worked [REDACTED] pay periods between December 4, 2022, to July 6, 2025 (the "PAGA Period") as an Aggrieved Employee. Based on these records, your total share of the settlement proceeds ("Individual Settlement Amount") is estimated to be [REDACTED]. Your actual share of the settlement proceeds may vary depending on the total number of Class Members that choose to participate in the Settlement and the resolution of any workweek disputes as described in this notice.

The terms of the Agreement and a description of the case are identified in this notice. Pursuant to the Court's order, YOU ARE HEREBY NOTIFIED AS FOLLOWS:

I. BACKGROUND OF THE CASE

Plaintiffs are former QuantumScape employees. On December 4, 2023, Plaintiff Pete Cruz filed this class action lawsuit on December 4, 2023, in the Santa Clara County Superior Court, Case No. 23CV427117 ("*Cruz Action*"), alleging various wage and hour

claims against Defendants. Cruz later filed a First Amended Complaint on February 7, 2024, adding a claim for Private Attorneys General Act (“PAGA”) penalties based on the same California Labor Code violations alleged on behalf of the class. On March 1, 2024, Plaintiff Jose Hernandez filed a separate class arbitration with JAMS Arbitration, Ref. No. 5100001940 (“*Hernandez Arbitration*”), similarly alleging various wage and hour claims against Defendant QuantumScape Battery, Inc.. Plaintiff Hernandez also filed a separate lawsuit in the Santa Clara County Superior Court, Case No. 24CV439603 (“*Hernandez PAGA Action*”), on May 22, 2024, alleging a single cause of action for civil penalties under the PAGA based on the same California Labor Code violations alleged on behalf of the class in the *Hernandez Arbitration*. In order to streamline the cases and settlement negotiation process, Plaintiffs agreed to file a Second Amended Complaint (“*Complaint*”) in the *Cruz Action*, consolidating all wage and hour class and PAGA causes of action and allegations alleged in the *Cruz Action*, the *Hernandez Arbitration*, and the *Hernandez PAGA Action* (the “*Actions*”).

Plaintiffs, on behalf of themselves, Class Members, and Aggrieved Employees, allege that Defendants violated California state labor laws as a result of its alleged failure to, among other things: 1) failure to pay minimum wages, 2) failure to pay wages and overtime wages, 3) failure to provide meal periods or pay premiums in lieu thereof, 4) failure to provide rest periods or pay premiums in lieu thereof, 5) failing to pay vacation wages, 6) failure to pay sick time at the regular rate of pay, 7) failure to reimburse necessary business expenditures, 8) failure to provide accurate wage statements, 9) failure to keep required payroll records, 10) waiting time penalties, 11) violation of Business & Professions Code § 17200 *et seq.*, 12) penalties pursuant to Labor Code § 2699, *et seq.*, and 13) untimely payment of wages. All of the claims were actively litigated. There had been on-going investigations and exchange of extensive documentation and information. Furthermore, the Parties participated in an all-day, global mediation facilitated by a neutral third party. Based upon the negotiations, and all known facts and circumstances, including the various risks and uncertainties related to legal actions, the Parties reached a class and PAGA settlement. By settling, the Parties will avoid the risks associated with a lengthy litigation process. Despite agreeing to and supporting the Agreement, Defendants have denied, and continues to deny, all factual and legal allegations in the Complaint and believe that Defendants have valid defenses to these claims. Defendants have entered into this Settlement to fully, finally, and forever resolve the Actions as part of a compromise with Plaintiffs to avoid the burden and expense associated with ongoing litigation. By agreeing to settle, Defendants are not admitting liability on any of the factual allegations or claims in the Actions or that the Actions can or should proceed as class and/or PAGA actions.

The Agreement applies to any and all Class Members and Aggrieved Employees as defined above. If you are a Class Member, you have the opportunity to participate in the Settlement, or to exclude yourself (“opt out”) from the Settlement. This notice is to advise Class Members of how they can either participate or opt out from the Settlement. As set forth below, Aggrieved Employees cannot opt out of this Agreement as it relates to the PAGA Amount or Released PAGA Claims regardless of whether they opt out of being a Class Member. Aggrieved Employees will receive their share of the PAGA Amount regardless of whether they opt out of being a Class Member.

II. SUMMARY OF THE PROPOSED SETTLEMENT

A. The Amount of the Settlement

Under the terms of the Agreement, Defendants have agreed to pay a total sum of Seven Hundred and Thirty-Five Thousand Dollars and Zero Cents (\$735,000.00) (“Gross Settlement Amount”) to settle underlying wage and hour class and PAGA claims. The Gross Settlement Amount is inclusive of 1) Plaintiffs’ Counsel’s attorneys’ fees (not to exceed one-third of the Gross Settlement Amount); 2) Plaintiffs’ attorneys’ costs (not to exceed \$32,500.00); 3) Settlement Administrator Costs (not to exceed \$12,500.00); 4) an Enhancement Payment to the Class Representative or Plaintiff Jose Hernandez (not to exceed \$10,000.00); 5) alleged PAGA penalties or the “PAGA Amount” (for \$218,750.00); and 6) “Net Settlement Amount” or amount available for distribution to Participating Class Members.

Any employer side taxes attributable to payments allocated as wages will be paid by Defendants in addition to the Gross Settlement Amount. As explained further below, the amount of each Class Member’s share of the Net Settlement Amount will depend on the number of workweeks worked by Participating Class Members during the Class Period. 75% of the PAGA Amount, or \$164,062.50, will be paid to the State of California Labor and Workforce Development Agency (“the LWDA Payment”). 25% of the PAGA Amount, or \$54,687.50, will be divided among Aggrieved Employees (“Employee PAGA Amount”). Each Aggrieved Employee’s share will depend on the number of pay periods worked by Aggrieved Employees during the PAGA Period.

The number of workweeks you worked during the Class Period, pay periods you worked during the PAGA Period, and your estimated total share of the Net Settlement Amount and PAGA Amount (“Individual Settlement Amount”) is stated on the first page of this notice. The actual amount received may be more or less than the amount stated depending on the actual number of workweeks worked by Participating Class Members (*i.e.*, those who do not opt out of the Settlement) and/or pay periods worked by Aggrieved Employees, the resolution of any disputes regarding workweeks and/or pay periods, and on the distributions finally approved and

allocated by the Court. However, whether Class Members opt out will have no effect on Aggrieved Employees' allocations for the PAGA claim.

B. Individual Settlement Amounts and Allocation Between Class Members and Aggrieved Employees

Defendants will pay Individual Settlement Amounts through the Settlement Administrator, as described below, to each Participating Class Member and to Aggrieved Employees. All Individual Settlement Amounts will be subject to appropriate taxation. The Parties have agreed, based on the allegations in the Action that the amount payable to eligible Class Members from the Net Settlement Amount will be allocated and paid as 80% for disputed interest, statutory penalties, and other non-wage damages for which IRS Forms 1099-MISC and 1099-INT will issue and 20% for disputed wages for which an IRS Form W-2 will issue. The Employee PAGA Amount to Aggrieved employees will be paid as 100% for civil penalties.

Payment to Participating Class Members and Aggrieved Employees will not require the submission of a claim form. Each Participating Class Member's share will be determined by dividing their total workweeks worked within the Class Period by the total workweeks worked by all Participating Class Members within the Class Period. That fraction will then be multiplied by the Net Settlement Amount to arrive at the Class Member's individual share of the Net Settlement Amount. Each Aggrieved Employee's share of the Employee PAGA Amount (or \$54,687.50) will be determined by dividing their total pay periods worked within the PAGA Period by the total pay periods worked by all Aggrieved Employees within the PAGA Period. That fraction will then be multiplied by the Employee PAGA Amount to arrive at the Aggrieved Employee's individual share. Your share of the PAGA Amount is estimated to be [REDACTED]. This amount is included in your estimated Individual Settlement Amount stated on the first page of this notice, not in addition to it. You will still receive your share of the Employee PAGA Amount even if you opt out of being a Class Member. Receipt of the Individual Settlement Amounts will not entitle any Class Member or Aggrieved Employee to additional compensation or benefits under any compensation, retirement or benefit plan or agreement in place during the period covered by the Settlement.

C. Calculations to Be Based on Defendants' Records and Resolution of Workweek and/or Pay Period Disputes

The amount payable will be calculated by the Settlement Administrator from Defendants' records. Defendants' records will be presumed correct unless evidence to the contrary is provided to the Settlement Administrator. Defendants' records and any additional evidence will be reviewed by the Settlement Administrator in the event of a dispute about the number of workweeks and/or pay periods worked by an individual Class Member and/or Aggrieved Employee. If you dispute the accuracy of Defendants' records, all supporting documents evidencing additional workweeks and/or pay periods must be submitted by the Class Member and/or Aggrieved Employee. The dispute must (a) identify the nature of the dispute; (b) provide any information or documentation supporting the dispute; (c) be signed; and (d) be post-marked no later than [REDACTED]. The dispute will be resolved by the Settlement Administrator based on the records and evidence provided.

D. Release of Claims

For those Class Members who do not opt out and Aggrieved Employees, the Agreement contains the following releases:

Class members who do not opt out will be deemed to have released any and all claims that are alleged in the Complaint, and any additional claims that reasonably could have been brought based on the facts alleged in the Complaint, through the Class Period. This release excludes the release of claims not permitted by law (the "Released Class Claims").

Aggrieved Employees will be deemed to have released any and all claims that were alleged under the Private Attorneys General Act, Labor Code §§ 2698 *et seq.* in Plaintiffs' notice letters to the LWDA, and any additional wage and hour PAGA claims that reasonably could have been brought based on the facts alleged in Plaintiffs' notice letters to the LWDA during the PAGA Period. This release excludes the release of claims not permitted by law (the "Released PAGA Claims").

The individuals released ("Released Parties") Defendants QuantumScape Corporation and QuantumScape Battery, Inc., and each of their respective former, current, and future parents, subsidiaries, affiliates, joint ventures, directors, officers, shareholders, members, agents, principals, heirs, representative, insurers and reinsurers, and their respective predecessors, successors, and assigns.

Class Members and/or Aggrieved Employees can talk to Plaintiffs' Counsel (listed below) for free or talk to their own lawyer if they have questions about the released claims and what they mean.

III. WHAT ARE YOUR RIGHTS AS A CLASS MEMBER

A. Participating in the Settlement as a Class Member

If you wish to be a Participating Class Member and believe your workweek information is accurate, **you do not need to take any further action**. Payment will be automatically made to you consistent with the terms of the Agreement and Court Order. If you wish to dispute the workweek calculation, you may follow the procedures outlined in Section II.C above. California law protects Class Members from retaliation based on their decision to participate in the Settlement.

B. Excluding Yourself from the Settlement as a Class Member

The Court will exclude you from being a Class Member if you submit a valid and timely written request this by [redacted]. If you do not wish to be bound by the Settlement as a Class Member, you may request to be excluded (*i.e.* “opt out”) by submitting a timely written request to the Settlement Administrator expressly and clearly indicating so. The request to opt-out must (a) state your full name and date of birth; (b) a statement that you do not want to be a Class Member, do not want to participate in the Settlement, and/or want to be excluded from this Settlement; (c) identify the case name and number (*i.e.* *Cruz, et al. v. QuantumScape, et al.*, Case No. 23CV427117); (d) be signed; and (e) be post-marked no later than [redacted]. The request to opt out must be mailed by First Class U.S. Mail, or the equivalent, to:

[admin info]

If you submit a request to opt out which is not postmarked by [redacted], your request to opt out will be rejected, and you will be bound by the release and all other terms of the Agreement. Do not use a postage meter as that may not result in a postmark appearing on the envelope containing your request to opt out. Any Class Member who submits a complete and timely request to opt out shall, upon receipt by the Settlement Administrator, no longer be a Class Member and not receive their share of the Net Settlement Amount. Aggrieved Employees cannot opt out of this Agreement and will receive their share of the Employee PAGA Amount regardless of whether they opt out of being a Class Member.

C. Objection to Settlement

If you do not opt out of the Settlement, you can object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. You can ask the Court to deny approval by submitting an objection. You **cannot** ask the Court to order a larger settlement; the Court can only approve or deny the settlement. If the Court denies approval, no settlement payments will be sent out and the lawsuit will continue. You may submit a written objection, which should (a) state your full name and date of birth; (b) provide evidence that you are, in fact, a Class Member; (c) state the reasons for the objection(s), including supporting documentation; (d) identify the case name and number (*i.e.* *Cruz, et al. v. QuantumScape, et al.*, Case No. 23CV427117); (e) be signed; and (f) be post-marked no later than [redacted]. Written objections must be sent to the Settlement Administrator at the address identified in Section III.B.

Additionally, or in the alternative to sending a written objection to the Settlement Administrator, you may appear at the final approval hearing to state your objection provided you notify the Court of your intention to do so by filing a notice of intent to appear at the final approval hearing. A notice of intent to appear at the final approval hearing may be filed with the Court at 191 N. 1st Street, San Jose, California 95113. Any Class Member who does not request exclusion may, if the Class Member so desires, enter an appearance through an attorney. If you appear through your own attorney, you are responsible for paying that attorney.

IV. EFFECT OF THE SETTLEMENT: RELEASED RIGHTS AND CLAIMS

If the Court grants final approval of the Settlement, the Court will make and enter judgment consistent therewith. A notice of entry of judgment will be filed with the Court and available online at <https://portal.scscourt.org/search>. Simply, enter in the case number (23CV427117) in the “Case Number Search” box provided on the webpage, which will redirect you to the case information webpage. Copies of all filed documents may then be found under the “Events” tab. The judgment, whether favorable or not, will bind all Class Members who do not request exclusion. After final approval, each and every Class Member who does not opt out of the Settlement and Aggrieved Employee, will release Defendants and the Released Parties from the Released Class Claims and the Released PAGA Claims described above. In other words, if you were employed as a Class Member by Defendants in California during the Class Period, and you do not exclude yourself from the Settlement, you will be deemed to have entered into these releases and to have released

the above-described claims. If the Settlement is not approved by the Court or does not become final for some other reason, the litigation will continue.

V. FINAL SETTLEMENT APPROVAL HEARING

The Court will hold a hearing in Department 19, 161 North First Street, San Jose, California, 95113, on [redacted] at [redacted] to determine whether the Agreement should be finally approved as fair, reasonable and adequate. The Court will also be asked to approve Plaintiffs' Counsel's request for attorneys' fees and costs, Settlement Administrator Costs, and the Class Representative's Enhancement Payment. The hearing may be continued without further notice. It is not necessary for you to appear at this hearing.

VI. 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 the Court. The pleadings and other records in this litigation, including the Settlement Agreement, Complaint, and Plaintiffs' Counsel's motion for preliminary approval may be examined either (a) online at <https://portal.sccourt.org/search>, or (b) in person at Records, Superior Court of California, County of Santa Clara, 191 N. 1st Street, San Jose, California 95113, between the hours of 8:30 a.m. and 4:00 p.m., Monday through Friday. You can also contact Plaintiffs' Counsel or Defendants' Counsel as follows:

Galen T. Shimoda
Justin P. Rodriguez
Renald Konini
Austin D. Sork
SHIMODA & RODRIGUEZ LAW, PC
9401 East Stockton Blvd., Suite 120
Elk Grove, CA 95624
Telephone: (916) 525-0716
On behalf of Plaintiff Jose Hernandez

Roman Shkodnik
Emma Geesaman
Enoch J. Kim
Arianna N. Razi
D.LAW, INC.
250 N. Madison Avenue
Pasadena, CA 91101-1639
Telephone: (818) 962-6465
On behalf of Plaintiff Pete Cruz

Shirley C. Wang
Ren M. Kuan
SABER LAW GROUP
101 Howard Street, 4th Floor
San Francisco, California 94105
Telephone: (415) 278-1400
On behalf of Defendants

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE ADMINISTRATION PROCESS. IF YOU HAVE ANY QUESTIONS, CALL [number]

BY ORDER OF THE COURT