CLASS ACTION AND PAGA
AMENDED SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement ("Agreement") is made by and between plaintiff VERONICA LARA PALACIOS ("Plaintiff") and defendants DURAFLAME INC. ("DURAFLAME") and FRANCISCO CAMPOS d/b/a IRON WOOD LUMBER ("IRON WOOD LUMBER") (hereby collectively referred to as "Defendants"). The Agreement refers to Plaintiff and Defendants collectively as "Parties," or individually as "Party."

1. DEFINITIONS.

1.1 "Action" means the Plaintiff's lawsuit alleging wage and hour violations against Defendants captioned *Palacios v. Duraflame Inc, et al*., case no. STK-CV-UOE-2024-0002185, initiated on February 22, 2024 and pending in Superior Court of the State of California, County of San Joaquin.

1.2 "Administrator" means Xpand Legal, the neutral entity the Parties have agreed to appoint to administer the Settlement.

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

1.4 "Aggrieved Employee" means all hourly, non-exempt IRON WOOD LUMBER employees who are currently or have been placed to work at DURAFLAME in the State of California, at any time during the period from November 18, 2022 through June 30, 2026, who have not previously released claims against Defendant of the same nature.

1.5 "Class" means all hourly, non-exempt IRON WOOD LUMBER employees who are currently or have been placed to work at DURAFLAME in the State of California, at any time during the period from February 22, 2020 through June 30, 2026, who have not previously released claims against Defendants of the same nature.

1.6 "Class Counsel" means Matthew J. Matern and Dalia Khalili of Matern Law Group, PC, located at 2101 E. El Segundo Boulevard, Suite 403, El Segundo, California 90245, telephone: (310) 531-1900.

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

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

1.9 "Class Member" or "Settlement Class Member" means a member of the Class, as either a

Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

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

1.11 "Class Notice" means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English (with a Spanish translation, if applicable) in the form, without material variation, attached as **Exhibit A** and incorporated by reference into this Agreement.

1.12 "Class Period" means the period from February 22, 2020 to June 30, 2026.

1.13 "Class Representative" means the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

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

1.15 "Court" means the Superior Court of California, County of San Joaquin.

1.16 "DURAFLAME" means named Defendant DURAFLAME INC.

1.17 "IRON WOOD LUMBER" means named Defendant FRANCISCO CAMPOS d/b/a IRON WOOD LUMBER

1.18 "Defense Counsel" means Richard J. Curiale of Curiale Wilson LLP, 1177 Dance Drive, Sonoma, CA 95476, and Lisa Blanco Jimenez of Neumiller & Beardslee, P.O. Box 20, Stockton, CA 95201.

1.19 "Effective Date" means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

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

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

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

1.23 "Gross Settlement Amount" means TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000.00) which is the total amount Defendants agrees to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment and the Administrator's Expenses.

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

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

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

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

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

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

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

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

1.32 "PAGA Period" means the period from November 18, 2022 to June 30, 2026.

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

1.34 "PAGA" Notice" means Plaintiff's December 15, 2023 letter to Defendants and the LWDA providing notice[1] pursuant to Labor Code section 2699.3, subdivision (a).

1.35 "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees ($1,250.00) and the 75% to

[1] Notwithstanding §1.34, Duraflame does not waive its position that there was no notice with respect to Duraflame.

LWDA ($3,750.00) in settlement of PAGA claims.

1.36 "Participating Class Member" means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.37 "Plaintiff" means VERONICA LARA PALACIOS, the named plaintiff in the Action.

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

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

1.40 "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.

1.41 "Released PAGA Claims" means the claims being released as described in Paragraph 5.3 below.

1.42 "Released Parties" means Defendants and each of its former and present directors, officers, managers, employees, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.

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

1.44 "Response Deadline" means sixty (60) days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email or mail Requests for Exclusion from the Settlement, or (b) fax, email or mail his, her, or their Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional thirty (30) calendar days beyond the Response Deadline has expired.

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

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

2. RECITALS.

2.1 On February 24, 2024, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Duraflame, Inc. and Francisco Campos dba Iron Wood Lumber. On July 31, 2024, Plaintiff filed a First Amended Complaint. On October 16, 2024, Plaintiff filed the Second Amended Complaint for (1) Failure to Pay Overtime Wages; (2) Failure to Pay Minimum Wages; (3) Failure to Maintain Required Records; (4) Failure to Furnish Accurate Itemized Wage Statements; (5) Unfair and Unlawful Business Practices; and (6) for Penalties under the Labor Code Private Attorneys General Act. Plaintiff's Second Amended Complaint

is the operative complaint in the Action (the "Operative Complaint"). Defendants deny the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the causes of action alleged.

2.2 Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written notice to Defendants and the LWDA by sending the PAGA Notice.

2.3 The Parties engaged in arms-length settlement negotiations which led to this Agreement to settle the Action on August 5, 2025.

2.4 Prior to negotiating the Settlement, Plaintiff obtained, through formal discovery, payroll records, policies and procedures regarding enforcement of wage and hour requirements and other information obtained. Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar"*).

2.5 The Court has not granted class certification.

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

3. MONETARY TERMS.

3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Defendants promise to pay TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000.00) and no more as the Gross Settlement Amount, and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendants have no obligation to pay the Gross Settlement Amount or any payroll taxes prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.

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

3.2.1 To Plaintiff: Class Representative Service Payment to the Class Representative of not more than TEN THOUSAND DOLLARS ($10,000.00) (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendants will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments no later than thirty (30) court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service

Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2 To Class Counsel: A Class Counsel Fees Payment of not more than 33.33%, which is currently estimated to be $83,333.33, and a Class Counsel Litigation Expenses Payment of not more than $45,000. Defendants will not oppose requests for these payments provided that do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than thirty (30) court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and hold Defendants harmless, and indemnify Defendants, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3 To the Administrator: An Administrator Expenses Payment not to exceed $5,000.00 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than $5,000.00, the Administrator will retain the remainder in the Net Settlement Amount.

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

3.2.5 Tax Allocation of Individual Class Payments. 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. 80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for alleged unpaid interest and alleged statutory penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment. Class Counsel and the Administrator shall indemnify and hold Defendants harmless from any tax liability, penalties, or interest assessed by any taxing authority arising from the tax treatment or allocation of settlement payments.

3.2.6 Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The

Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.7 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of $5,000.00 to be paid from the Gross Settlement Amount, with 75% ($3,750.00) allocated to the LWDA PAGA Payment and 25% ($1,250.00) allocated to the Individual PAGA Payments.

3.2.8 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties ($1,250.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

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

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, IRON WOOD LUMBER estimates there are 82 Class Members who collectively worked a total of 3,265 Workweeks, and 39 Aggrieved Employees who worked a total of 1,394 PAGA Pay Periods.

4.2 Class Data. Not later than thirty (30) days after the Court grants Preliminary Approval of the Settlement, Defendants will simultaneously deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendants have a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3 Funding of Gross Settlement Amount. Defendants shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than thirty (30) days after the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within thirty (30) days after Defendants funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration

Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

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

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

4.7 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of Code of Civil Procedure section 384, subdivision (b).

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

5. RELEASES OF CLAIMS. Effective on the date when Defendants fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 Plaintiff's Release. Plaintiff and her respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors and assigns generally, release and discharge Released Parties from all claims, transactions or occurrences that occurred during

the Class Period, including, but not limited to:

(a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff's PAGA Notice or ascertained during the Action and released under 5.2, below ("Plaintiff's Release"). Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.2 Plaintiff's Waiver of Rights Under Civil Code Section 1542. For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the Civil Code, which reads:

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

5.3 Release by Participating Class Members Who Are Not Aggrieved Employees:
All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action, including any and all claims involving any alleged: 1) failure to pay overtime wages; (2) failure to pay minimum wages; (3) failure to maintain required records; (4) failure to furnish accurate itemized wage statements; (5) unfair and unlawful business practices; and (6) for penalties under the Labor Code Private Attorneys General Act. Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or claims based on facts occurring outside the Class Period.

5.4 Release by Non-Participating Class Members Who Are Aggrieved Employees: All Non-Participating Class Members who are Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, the PAGA Notice, and ascertained in the course of the Action, including any and all claims involving any alleged: (1) failure to pay overtime wages; (2) failure to pay minimum wages; (3) failure to maintain required records; (4) failure to furnish accurate itemized wage statements; (5) unfair and unlawful business practices; and (6) for penalties under the Labor Code Private Attorneys General Act.

6. MOTION FOR PRELIMINARY APPROVAL. Plaintiff agrees to prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals, after sharing the Motion for Preliminary Approval with Defense Counsel as outlined below.

6.1 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel Preliminary Approval documents, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code section 2699, subdivision (f)(2); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) the Administrator's "not to exceed" bid for administering the Settlement; (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; and (vi) its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Lab. Code, § 2699.3, subd. (a)), Operative Complaint (Lab. Code, § 2699, subd. (l)(1)), this Agreement (Lab. Code, § 2699, subd. (l)(2). In their Declarations, Plaintiff and Class Counsel Declaration shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.2 Responsibilities of Counsel. Class Counsel will provide drafts of the Motion for Preliminary Approval to Defense Counsel no later than thirty (30) days after the full execution of this Agreement. Defense Counsel will provide any requested revisions to Class Counsel within seven (7) calendar days; if no changes, Plaintiff will file the Motion for Preliminary Approval papers. If Defense Counsel requests revisions within seven (7) calendar days, Class Counsel shall promptly meet and confer with Defense Counsel to finalize the language of the Motion papers. Plaintiff shall obtain a prompt hearing date for the Motion for Preliminary Approval and appear in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

7. SETTLEMENT ADMINISTRATION.

7.1 Selection of Administrator. The Parties have jointly selected Xpand Legal to serve as the administrator and verified that, as a condition of appointment, Xpand Legal agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

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

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

7.4 Notice to Class Members.

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

7.6 Using best efforts to perform as soon as possible, and in no event later than fourteen (14) days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class USPS mail, the Class Notice (with Spanish translation, if applicable) substantially in the form attached to this Agreement as **Exhibit A.** The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.7 Not later than three (3) business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

7.8 The deadlines for Class Members' written objections, Challenges to Workweeks and/or Pay Periods and Requests for Exclusion will be extended an additional fourteen (14) days beyond the sixty (60) days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

7.9 If the Administrator, Defendants or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, which ever are later.

7.10 Requests for Exclusion (Opt-Outs).

7.11 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her/their representative that reasonably communicates the Class

Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.12 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.13 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

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

7.15 Challenges to Calculation of Workweeks. Each Class Member shall have sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges.

7.16 Objections to Settlement.

7.17 Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

7.18 Participating Class Members may send written objections to the Administrator, by fax, email or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present oral objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than sixty (60) days after the Administrator's mailing of the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice was re-mailed).

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

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

7.21 Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes and emails.

7.22 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

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

7.24 Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

7.25 Administrator's Declaration. Not later than fourteen (14) days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator

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

7.26 Final Report by Settlement Administrator. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fifteen (15) days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. CLASS SIZE ESTIMATES. Based on its records, Defendants estimate that, as of the date of this Settlement Agreement, during the class period (1) there were 82 Class Members and 3,265 total Workweeks during the Class period and (2) there were 39 Aggrieved Employees who worked 1,394 Pay Periods during the PAGA Period. If the total Workweeks exceed 3,592 (10% more than the number of Workweeks estimated by Defendants as of preliminary approval), then Defendants shall have the option of (i) increasing the Gross Settlement Amount by the percentage increase in the number of Workweeks above 10% of 3,265 Workweeks (e.g., if the number of Workweeks increases by 11%, the Gross Settlement Amount will increase by 1%), or (ii) ending the Class Period on the date when the number of Workweeks does not exceed 3,265. If the Escalator Clause is triggered, the default option will be for the Gross Settlement Amount to increase proportionately unless Defendants notify Class Counsel of its election to shorten the Class Period.

9. DEFENDANTS' RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 20% of the total of all Class Members, Defendants may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Defendants withdraw, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendants will remain responsible for paying all Settlement Administration Expenses incurred to that point. Defendants must notify Class Counsel and the Court of its election to withdraw not later than seven days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

10. MOTION FOR FINAL APPROVAL. Not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subdivision (l), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval").

10.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later that five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

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

10.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters and (iii) addressing such post-Judgment matters as are permitted by law.

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

10.5 Appellate Court Orders to Vacate, Reverse or Materially Modify Judgment. If the reviewing Court vacates, reverses or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

11. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.

12. ADDITIONAL PROVISIONS.

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

12.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendants and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency or other entity except: (1) to the Parties' attorneys, accountants or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendants and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.3 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants or inducements made to or by any Party.

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

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

12.7 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered or purported to assign, transfer or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action or right released and discharged by the Party in this Settlement.

12.8 No Tax Advice. Neither Plaintiff, Class Counsel, Defendants nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

12.9 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed or waived only by an express written instrument signed by all Parties or their representatives and approved by the Court.

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

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

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

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

12.14 Use and Return of Class Data. Information provided to Class Counsel pursuant to Evidence Code section 1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendants in connection with the settlement negotiations, or in connection with the

Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute or California Rules of Court rule. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Class Data received from Defendants unless, prior to the Court's discharge of the Administrator's obligation, Defendants makes a written request to Class Counsel for the return, rather than the destruction, of Class Data.

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

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

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

To Plaintiff:

Matern Law Group, PC
Matthew J. Matern
Dalia Khalili
2101 E. El Segundo Boulevard, Suite 403
El Segundo, California 90245

To Defendants:

Curiale Wilson LLP
Richard J. Curiale
201 Spear St. Suite 1100
San Francisco, CA 94105

Lisa Blanco Jimenez
Neumiller & Beardslee
P.O. Box 20
Stockton, CA 95201

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

existence and contents of this Agreement.

12.19 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

Dated: 10/07/2026

Veronica Lara p.
Veronica Lara p. (Oct 7, 2026 14:02:13 PDT)

PLAINTIFF VERONICA LARA PALACIOS

Dated: _____

DEFENDANT DURAFLAME INC.

By: _____

Its: _____

Dated: _____

DEFENDANT FRANCISCO CAMPOS d/b/a IRON WOOD LUMBER

By: _____

Its: _____

Approved as to form:

Dated: October 7, 2026

MATERN LAW GROUP, PC

By: _____

Matthew J. Matern
Dalia Khalili
Attorneys for Plaintiff Veronica Lara Palacios

Dated: _____

CURIALE WILSON LLP

By: _____

Richard J. Curiale
Attorneys for Defendant DURAFLAME INC.

Dated: _____

NEUMILLER & BEARDSLEE

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Dated: _____

PLAINTIFF VERONICA LARA PALACIOS

Dated: 10/5/2026

DEFENDANT DURAFLAME INC.

DocuSigned by:

By: Chris Caron

2A2B7D85F33E4F3...

Its: President

Dated: _____

DEFENDANT FRANCISCO CAMPOS d/b/a IRON WOOD LUMBER

By: _____

Its: _____

Approved as to form:

Dated: _____

MATERN LAW GROUP, PC

By: _____

Matthew J. Matern
Dalia Khalili
Attorneys for Plaintiff Veronica Lara Palacios

Dated: 10/15/26

CURIALE WILSON LLP

By: _____

Richard J. Curiale
Attorneys for Defendant DURAFLAME INC.

Dated: _____

NEUMILLER & BEARDSLEE

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Dated: _____

_____
PLAINTIFF VERONICA LARA PALACIOS

Dated: _____

DEFENDANT DURAFLAME INC.

By: _____

Its: _____

Dated: Oct 07 2026

DEFENDANT FRANCISCO CAMPOS d/b/a IRON WOOD LUMBER

By: Francisco Campos

Its: Owner

Approved as to form:

Dated: _____

MATERN LAW GROUP, PC

By: _____
Matthew J. Matern
Dalia Khalili
Attorneys for Plaintiff Veronica Lara Palacios

Dated: _____

CURIALE WILSON LLP

By: _____
Richard J. Curiale
Attorneys for Defendant DURAFLAME INC.

Dated: 10/7/2026

NEUMILLER & BEARDSLEE

By:_____

Lisa Blanco Jimenez

Attorneys for Defendant FRANCISCO CAMPOS d/b/a IRON WOOD LUMBER

EXHIBIT A

NOTICE OF CLASS ACTION SETTLEMENT

San Joaquin County Superior Court
Palacios v. Duraflame Inc., et al., Case No. STK-CV-UOE-2024-0002185

A court authorized this Notice. This is not a solicitation by a lawyer. You are not being sued.
PLEASE READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS.

A settlement in the above-referenced action may affect your rights if you work or have worked as an hourly, non-exempt employee for Duraflame Inc. and Franscico Campos d/b/a Iron Wood Lumber in California from February 22, 2020 through June 30, 2026.

WHY SHOULD YOU READ THIS NOTICE?

You received this Notice because the records of Duraflame Inc ("Duraflame"). and Franscico Campos d/b/a Iron Wood Lumber ("Iron Wood") (hereinafter, "Defendants") reflect that you worked an hourly non-exempt employee of for Iron Wood and was placed to work at Duraflame in the State of California between February 22, 2020 through June 30, 2026, and therefore, you may be a class member in a pending class action styled *Palacios v. Duraflame Inc.,* San Joaquin County Superior Court Case No. STK-CV-UOE-2024-0002185 (the "Action"). The San Joaquin Superior Court has granted preliminary approval to a proposed settlement of the Action (the "Settlement") and directed that you should receive notice of the Settlement. The purpose of this Notice of Class Action Settlement ("Notice") is to describe the Action and the Settlement, and to inform you of your rights and options in connection with the Settlement. This Notice explains what steps you may take to participate in, object to, or exclude yourself from the Settlement.

A hearing will be held to determine whether the Settlement is fair, reasonable, and adequate ("Final Approval Hearing"). The Final Approval Hearing will be held on [DATE] at [TIME] before the Honorable Robert T. Waters in Department 11B of the San Joaquin County Superior Court, located at 180 E. Weber Avenue, Stockton, California 95202.

As a Class Member, you are eligible to receive a payment under the Settlement. You will be bound by a release of certain claims described in this Notice unless you timely submit an Exclusion Form or other written request for exclusion, as described below.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
DO NOTHING	If you do nothing, you will remain a Participating Class Member and you will be eligible to receive a payment under the Settlement for the release of class claims. You also will give up rights to pursue a separate legal action against Defendants for the claims settled in the Action, as explained more fully below.
EXCLUDE YOURSELF FROM THE SETTLEMENT	You have the option to not be a Participating Class Member in the Settlement regarding the claims settled in the Action and to forego the benefits to which you would be entitled as a Participating Class Member. If you choose to do so, you may exclude yourself from the settlement of class claims by completing and timely submitting an Exclusion Form as described herein, postmarked by no later than [**Response Deadline],** in

	which case you will not receive a payment for the release of class claims and will not release those claims settled in the Action, as explained more fully below. Class Members who worked for Defendant in California during the period from November 18, 2022 through June 30, 2026 will be deemed "PAGA Members." Notwithstanding the foregoing, if you are a PAGA Member, there is no exclusion procedure (i.e., no ability to exclude yourself) with respect to the settlement of claims asserted in the Action under the California Private Attorneys General Act of 2004, Labor Code § 2698 *et seq*. ("PAGA"). Even if you request exclusion from the Settlement, eligible PAGA Members will receive a payment related to the PAGA claim(s) ("Individual PAGA Settlement Award"), and upon approval of the Settlement, will be deemed to have released the PAGA claims asserted in the Action.
HOW TO OBJECT	To object to the Settlement, you may timely mail a written Notice of Objection to the Settlement Administrator postmarked by **[Response Deadline]**, or you may appear at the Final Approval Hearing to state your objection orally. This option is only available if you do not exclude yourself from, i.e., opt out of, the Settlement.

WHAT IS THIS ACTION ABOUT?

On February 22, 2024, Plaintiff Veronica Lara Palacios filed a putative representative action complaint in the Superior Court for the State of California, County of San Joaquin, entitled *Palacios v. Duraflame Inc.*, Case No. STK-CV-UOE-2024-0002185, individually and on behalf of others similarly situated. On July 31, 2024, Plaintiff filed a First Amended Complaint. On October 16, 2024, Plaintiff filed the Second Amended Complaint (the "Operative Complaint").

Plaintiff asserts class and representative claims against Defendant for: (1) Failure to Pay Overtime Wages; (2) Failure to Pay Minimum Wages; (3) Failure to Maintain Required Records; (4) Failure to Furnish Accurate Itemized Wage Statements; (5) Unfair and Unlawful Business Practices; and (6) for Penalties under the Labor Code Private Attorneys General Act. Plaintiff seeks to recover various damages and costs and penalties, including unpaid wages, restitution (including under California Business and Professions Code section 17200 *et seq.*), interest, penalties (including under PAGA), and attorneys' fees and costs.

The Court has not ruled on the merits of the Plaintiff's remaining claims or Defendants' defenses to those claims. The Settlement is a compromise reached after good faith, arms' length negotiations between Plaintiff and Defendants (collectively, the "Parties"). Defendants deny each and all of the claims and contentions alleged by Plaintiff. Defendants believe strongly that they have multiple valid defenses to the claims and that its employees have been properly paid and treated in accordance with the law. Absent the Settlement, Defendants would vigorously contest the lawsuit. By agreeing to this Settlement, Defendants are not admitting that they have any liability. Plaintiff believes that they would prevail on the claims that are subject to the Settlement.

After engaging in discovery and motion practice, the Parties agreed to the proposed Settlement, which was preliminarily approved by the court in the Action ("Court") on _____.

All Parties agree that, in light of the risks and expenses associated with continued litigation, the Settlement is fair, adequate, and reasonable. Plaintiff and her Counsel ("Class and PAGA Counsel") also believe that the Settlement is in the best interests of all Class Members and PAGA Members.

WHAT IS A CLASS ACTION?

In a class action lawsuit, one or more persons called "Class Representatives" sue on behalf of other people who have similar claims. The Class Representative(s) and all of the people whose claims are being pursued in the case are called the "Class" or "Class Members." One court resolves the issues for everyone in the Class, except for those people who choose to exclude themselves from the Class.

WHO IS INCLUDED IN THE SETTLEMENT CLASS?

The settlement class in the Action includes all hourly non-exempt employees of for Iron Wood who were placed to work at Duraflame in the State of California between February 22, 2020 through June 30, 2026 (referred to as the "Class Members"), who have not previously released claims against Defendants of the same nature. Class Members who do not opt out of the settlement of class claims are referred to as "Participating Class Members," as further discussed below.

DO I HAVE A LAWYER IN THIS CASE?

On [PRELIMINARY APPROVAL DATE], the Court granted preliminary approval of the Settlement. On that date, the Court also preliminarily approved the law firm Matern Law Group, PC ("Class and PAGA Counsel"), to serve as counsel for Plaintiff and the Class Members/PAGA Members. Class and PAGA Counsel's contact information is as follows:

MATERN LAW GROUP, PC
Matthew J. Matern
Dalia Khalili
2101 E. El Segundo Boulevard, Suite 403
El Segundo, California 90245
Telephone: (310) 531-1900 / Facsimile: (310) 531-1901

WHAT ARE THE TERMS OF THE CLASS SETTLEMENT?

Subject to approval of the Court, the Settlement provides that Defendant will pay a total "Maximum Settlement Amount" of Two Hundred Fifty Thousand Dollars and Zero Cents ($250,000.00).

The Maximum Settlement Amount includes the following payments:

- Enhancement Awards to Plaintiff: The Settlement provides for an enhancement award of up to $10,000.00, subject to Court discretion, to be paid to Plaintiff Veronica Lara Palacios.

- Attorneys' Fees to Class Counsel: Class and PAGA Counsel will seek an award of attorneys' fees in an amount not to exceed one-third (1/3) of the Maximum Settlement Amount, or Eighty Three Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents ($83,333.33);

- Reimbursement of Litigation Costs and Expenses: Class and PAGA Counsel will seek reimbursement of litigation costs and expenses incurred in the Action in an amount not to exceed $45,000.00;

- Settlement Administration Costs: The Maximum Settlement Amount includes an allocation for the Settlement Administration Costs in an amount not to exceed Five Thousand Dollars ($5,000.00), which pays for tasks such as mailing this Notice, mailing checks and tax forms, reporting to the Parties and the Court, and tracking submitted Exclusion forms, among other tasks;

- PAGA Payment: Five Thousand Dollars ($5,000.00) of the Maximum Settlement Amount will be allocated towards the settlement of claims under California Labor Code Section 2698 *et seq.*, known as the Private Attorneys General Act or "PAGA." Pursuant to the PAGA, seventy-five percent (75%) of the total PAGA Amount ($3,750.00) will be paid to the California Labor & Workforce Development Agency ("LWDA"). The remaining twenty-five percent (25%) of the PAGA Payment (or $1,250.00) will be distributed among PAGA Members who worked for Defendant in California during the time period from November 18, 2022 through June 30, 2026 (the "PAGA Period") on a *pro rata* basis, based on each individual's respective number of Pay Periods worked during the PAGA Period.

The "Net Settlement Amount" means the Maximum Settlement Amount, less the Court-approved amounts for the Class and PAGA Counsel Award, Settlement Administration Costs, the Enhancement Awards, the PAGA Payment to the LWDA, and the Employer's Share of Payroll Taxes.

Each Class Member who does not submit a timely and valid Exclusion Form to request exclusion from the Settlement will be deemed a "Participating Class Member" and will receive a share of the Net Settlement Amount ("Individual Settlement Award"), less the amount of One Thousand Two Hundred Fifty Dollars ($1,250.00) (which will be reserved to be distributed amongst PAGA Members, based on their respective number of Pay Periods worked during the PAGA Period). The amount of each Participating Class Member's Individual Settlement Award will be calculated *pro rata* based on each Class Member's respective number of Compensable Workweeks worked for Defendant during the Class Period.

For tax purposes, Individual Settlement Awards will be allocated as follows: twenty percent (20%) as alleged unpaid wages subject to all applicable payroll withholdings and eighty percent (80%) as alleged unpaid interest and alleged statutory penalties. Separately, PAGA Settlement Awards paid to PAGA Members will be allocated one hundred percent (100%) as payment in compromise of claims for alleged civil penalties.

Employer will separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments.

None of the Parties or attorneys makes any representations concerning the tax consequences of this Settlement or your participation in it. Class Members should consult with their own tax advisors

concerning the tax consequences of the Settlement. Class and PAGA Counsel is unable to offer advice concerning the state or federal tax consequences of payments to any Class Member.

Your estimated Compensable Workweeks, Pay Periods, Individual Settlement Award, and/or Individual PAGA Settlement Award are listed on the enclosed Information Sheet.

Disputes: If you disagree with the number of Compensable Workweeks/Pay Periods attributed to you as listed on the enclosed Information Sheet, you must submit your dispute to the Settlement Administrator by mail, postmarked no later than **[last day of Response Period]**, at the following address: **[Address]**. Any such written dispute must contain your full name, the last four digits of your social security number, your address, your dates of employment, the correct number of Compensable Workweeks or Pay Periods you contend to have worked during the relevant time period, a statement of the reason(s) why you dispute the number of Compensable Workweeks or Pay Periods, the case name and number, your signature, and any documentary evidence which supports your position as to the correct information regarding the number of Compensable Workweeks or Pay Periods you worked during the Class Period of PAGA Period. Any such disputes will be resolved by the Settlement Administrator.

WHAT AM I RELEASING UNDER THE SETTLEMENT?

Upon the Effective Date, Plaintiff and all Class Members who have not timely excluded themselves from the settlement of class claims will be deemed to have released Defendants and each of their former and present directors, officers, managers, employees, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates (the "Released Parties") from the Released Claims, as defined immediately below.

"Released Claims" means (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action, including any and all claims involving any alleged: (1) failure to pay overtime wages; (2) failure to pay minimum wages; (3) failure to maintain required records; (4) failure to furnish accurate itemized wage statements; (5) unfair and unlawful business practices; and (6) for penalties under the Labor Code Private Attorneys General Act.

With respect to the PAGA Claim, upon the Effective Date, PAGA Members and the State of California (including the Labor Commissioner and LWDA) will be deemed to have released the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, the PAGA Notice, and ascertained in the course of the Action, including any and all claims involving any alleged: (1) failure to pay overtime wages; (2) failure to pay minimum wages; (3) failure to maintain required records; (4) failure to furnish accurate itemized wage statements; (5) unfair and unlawful business practices; and (6) for penalties under the Labor Code Private Attorneys General Act.

WHAT DO I NEED TO DO TO RECEIVE AN INDIVIDUAL SETTLEMENT AWARD?

If you wish to participate in the settlement of class claims and receive an Individual Settlement Award, you do not need to do anything. You must, however, notify the Settlement Administrator of any change in your name, mailing address and/or telephone number. It is your responsibility to keep the Settlement Administrator informed of any such change, as your Individual Settlement Award and/or Individual PAGA Settlement Award will be mailed to the address on file.

The Settlement Administrator will mail Individual Settlement Awards to Participating Class Members, and Individual PAGA Settlement Awards to eligible PAGA Members, following final approval of the Settlement.

Once the Settlement Administrator mails you your Individual Settlement Award and/or Individual PAGA Settlement Award, you will have One Hundred and Eighty (180) calendar days from the date of issuance to cash your settlement check(s). If you do not cash your check(s) within that period, the amount represented by the check(s) will be transmitted to the California Controller's Unclaimed Property Fund in the name of the Class Member and/or Aggrieved Employee.

Neither the Parties nor their counsel offer tax advice regarding this Settlement. You may consider contacting an accountant and/or tax attorney to determine the appropriate amount of taxes that should be paid on your Individual Settlement Award. Payments awarded to you will not form the basis for additional contributions to or benefits under any benefit plans, policies or bonus programs that may exist and/or be offered to you through, by or in conjunction with Defendants or any other Released Party.

WHAT IF I DO NOT WANT TO PARTICIPATE IN THIS SETTLEMENT?

You have the right to request exclusion from the Settlement of the class claims; however, if you are a PAGA Member, there is no option to be excluded from the settlement of the PAGA claims.

To request to be excluded from the settlement of class claims, you must submit a request for exclusion, by mail, to the following address: [address]. To be valid, the Exclusion Form must be sent to the Settlement Administrator and must be postmarked by no later than **[Response Deadline].** The request for exclusion must include your full name, signature (of yourself or your legal representative), date of signature, and a statement that you wish to "opt out" of the Settlement of class claims. As noted above, Exclusion Forms do not apply to the settlement of the PAGA claims and will not exclude PAGA Members from the release of the settled PAGA claims.

Unless you timely request to be excluded from the Settlement, you will be bound by the judgment upon final approval of the Settlement, and you will be barred from pursuing the Released Claims.

If you timely request to be excluded from the Settlement of class claims, you will not be entitled to receive any payment under the Settlement other than related to the PAGA Payment. Class and PAGA Counsel will not represent your interests if you request to be excluded from the Settlement.

WHAT IF I WANT TO OBJECT TO THIS SETTLEMENT?

Any Participating Class Member (that is, a Class Member who has not requested to be excluded from the Settlement) may object to the Settlement. To object, you may either appear at the Final Approval Hearing to state your objection orally, or you may mail a written statement of objection ("Notice of Objection") to the Settlement Administrator at the following address, postmarked no later than [Response Deadline]: Xpand Legal, P.O. Box _____, [City], [State] [Zip]. If you choose to submit your objection in writing, the written Notice of Objection must include your full name and your signature (or the signature of your legal representative), and must be mailed to the Settlement Administrator at the foregoing address, postmarked no later than [Response Deadline]. You have the right to retain your own

attorney, at your own expense, to submit an objection or appear on your behalf at the Final Approval Hearing.

You may, but you are not required to, appear at the Final Approval Hearing wherein the Court will make a final decision whether or not to approve the Settlement. Your objection will be received by the Court so long as you submit a written objection as set forth above or appear at the Final Approval Hearing. The Final Approval Hearing is scheduled to take place on _____, at ____ in Department 11B of the San Joaquin County Superior Court, located at 180 E. Weber Avenue, Stockton, California 95202. The hearing may be continued (i.e., moved to another date) without further notice to you. You can confirm the hearing date by accessing the Court's online docket.

Submitting an objection will *not* exclude you from the Settlement. If the Court grants final approval of the Settlement, you will still have the right to receive an Individual Settlement Award and will be barred from pursuing the Settled Claims. Do not submit both a Notice of Objection and an Exclusion Form. If you submit both a Notice of Objection and an Exclusion Form , your request for exclusion will be deemed invalid, and the objection will remain valid.

WHAT HAPPENS IF I EXCLUDE MYSELF FROM THIS SETTLEMENT?

Any Class Member who submits a timely and valid Exclusion Form will have no further role in the settlement of the class claims in the Action, will not be entitled to any benefit as a result of the settlement of class claims in the Action, and will not be entitled or permitted to assert an objection to the Settlement. As noted above, however, there is no exclusion option for PAGA Members, who will receive an Individual PAGA Settlement Award and will be bound by the release of PAGA claims regardless of whether or not they submit an Exclusion Form.

WHAT IS THE NEXT STEP IN THE SETTLEMENT?

The Court will hold a Final Approval Hearing regarding the fairness, reasonableness and adequacy of the proposed Settlement, the plan of distribution, Class and PAGA Counsel's request for attorneys' fees and costs, the enhancement awards to the Plaintiff, and the settlement administration costs on [DATE] at [TIME] in Department 11B of the San Joaquin County Superior Court, located at 180 E. Weber Avenue, Stockton, California 95202. The Final Approval Hearing may be continued without further notice to Class Members. You are not required to attend the Final Approval Hearing, but you may do so at your own expense.

HOW CAN I GET FURTHER INFORMATION?

This Notice summarizes the Action and the basic terms of the Settlement. More details are contained in the Settlement Agreement, the pleadings, and other records in this matter, all of which are on file with the Court. The Settlement, pleadings and all other records of this litigation may be examined and copied any time during regular office hours in the Clerk's Office of the San Joaquin County Superior Court, located at 180 E. Weber Avenue, Stockton, California 95202.

Any questions regarding this Notice should be directed to Class and PAGA Counsel, whose contact information is listed on page 3 of this Notice. For more information, you may also call the Settlement Administrator toll-free at [Telephone Number].

WHAT SHOULD I DO IF MY ADDRESS CHANGES?

If you need to update your contact information, please promptly contact the Settlement Administrator toll-free at [Telephone Number]. This will ensure that you receive further notices about the Settlement and that you receive your Individual Settlement Award if the Settlement is approved by the Court.

PLEASE DO NOT TELEPHONE OR CONTACT THE COURT FOR INFORMATION REGARDING THIS SETTLEMENT.