JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT AND RELEASE

This Joint Stipulation of Class Action and PAGA Settlement and Release ("Settlement," "Agreement" or "Settlement Agreement") is made and entered into by and between Plaintiff Wafa Mowannes ("Plaintiff"), individually, on behalf of all others similarly situated, and on behalf of the State of California with respect to PAGA Employees pursuant to the Private Attorneys General Act ("PAGA," defined below), and Defendant Stater Bros. Markets ("Defendant") (collectively, Plaintiff and Defendant are referred to as the "Parties" and individually they are referred to as "Party").

This Agreement shall be binding on Plaintiff, Settlement Class Members (as defined herein), the State of California with respect to PAGA Employees (as defined herein), and on Defendant, subject to the terms and conditions hereof and the approval of the Court.

RECITALS

1. On December 21, 2023, Plaintiff filed a Class Action Complaint, thereby commencing a putative class action lawsuit entitled *Wafa Mowannes, etc., v. Stater Bros. Markets, et al.,* in the Superior Court of California for the County of San Bernardino, Case No. CIVSB2332884 (the "Class Action") against Defendant for alleged violations of the California Labor Code and Business & Professions Code.

2. On December 21, 2023, Plaintiff submitted a letter to the California Labor and Workforce Development Agency ("LWDA") and Defendant, to notify the LWDA and Defendant, pursuant to the Private Attorneys General Act of 2004, California Labor Code sections 2698, *et seq.* ("PAGA"), of Plaintiff's intent to seek civil penalties under PAGA for Defendant's alleged violations of California Labor Code sections 201, 201.3, 202, 203, 204, 210, 218.5, 218.6, 221, 226, 226.2, 226.3, 226.7, 227.3, 246, 510, 512, 558, 1174(d), 1174.5, 1194, 1197, 1197.1, 1197.14, 1198, 1198.5, 1199, 2802, and 2804, and the Industrial Welfare Commission Wage Orders, thereby initiating LWDA Case Number LWDA-CM-1001078-23 (the "PAGA Notice").

3. On February 26, 2024, Plaintiff filed her Representative Action Complaint For: Violations of the Private Attorneys General Act, Labor Code Sections 2698, *et seq.*, commencing a representative action under PAGA against Defendant, entitled *Wafa Mowannes, etc. v. Stater Bros. Markets, et al.*, Los Angeles Superior Court Case No. 24AHCV00404 (the "PAGA Action") (collectively, the Class Action and PAGA Action are hereby referred to as the "Actions"). The Operative Complaint asserts a single cause

of action for civil penalties under PAGA, for violations of multiple provisions of the California Labor Code and applicable Industrial Welfare Commission Wage Orders.

4. Defendant denies all material allegations set forth in the operative Complaints in the Actions and has asserted numerous affirmative defenses in the Actions. Notwithstanding, in the interest of avoiding further litigation, Defendant desires to fully and finally settle the Actions, the Released Class Claims, and the Released PAGA Claims.

5. Class Counsel diligently investigated the claims against Defendant, including any and all applicable defenses and the applicable law. The investigation included, *inter alia*, the exchange of information, data, and documents, and review of Defendant's employment and operations policies, practices, and procedures.

6. On April 1, 2024, the Parties participated in mediation with James W. Johnston, Esq. (the "Mediator"), a respected mediator of complex wage and hour actions, but were unable to reach a settlement. On April 30, 2024, the Parties participated in a second mediation with James W. Johnston, Esq., but were unable to reach a settlement. Ultimately, with the assistance of the Mediator's evaluations, the Parties reached the Settlement that is memorialized herein. The settlement discussions were conducted at arm's length and the Settlement is the result of an informed and detailed analysis of Defendant's potential liability and exposure in relation to Defendant's defenses and the costs and risks associated with continued litigation. Based on the documents produced, as well as Class Counsel's own independent investigation and evaluation, Class Counsel believes that the Settlement with Defendant for the consideration and on the terms set forth in this Settlement Agreement is fair, reasonable, and adequate, and is in the best interest of the Class Members in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation and various defenses asserted by Defendant.

7. In order to facilitate the settlement of the Actions, the Parties stipulate to consolidate the Actions by amending the Complaint in the Class Action to add Plaintiff's PAGA claims from the PAGA Action. The Parties agree that Plaintiff will seek approval of this Settlement Agreement in the Class Action.

8. The Parties expressly acknowledge that this Settlement Agreement is entered into solely

for the purpose of compromising significantly disputed claims and that nothing herein is an admission of liability or wrongdoing by Defendant. If for any reason the Settlement Agreement is not approved, it will be of no force or effect, and the Parties shall be returned to their original respective positions.

DEFINITIONS

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

a. "Attorneys' Fees and Costs" means attorneys' fees for Class Counsel's litigation and resolution of the Actions and all actual costs incurred and to be incurred by Class Counsel in the Actions, as set forth in Paragraph 13.

b. "Class Counsel" means Arby Aiwazian, Joanna Ghosh, and Arman Marukyan of Lawyers *for* Justice, PC.

c. "Class List" means a complete list of all Class Members that Defendant will diligently and in good faith compile from their records and provide to the Settlement Administrator. The Class List will be formatted in a readable Microsoft Office Excel spreadsheet and will include each Class Member's last-known full name, mailing address, last known telephone number, Social Security Number, and number of Workweeks actually worked during the Class Period.

d. "Class Member(s)" or "Class" means all persons who are or previously were employed by Defendant in California and classified as non-exempt employees (including DOT-regulated drivers) at any time during the Class Period, except as described in Paragraph 24 below. Defendant represents that the number of Class Members is approximately 35,309 individuals.

e. "Class Notice" means the Notice of Class Action Settlement, substantially in the form attached as "**Exhibit A**."

f. "Class Period" means the time period from December 21, 2019 through the Court's preliminary approval of the Settlement.

g. "Class Representative" and/or "Plaintiff" means Plaintiff Wafa Mowannes.

h. "Class Settlement" means the settlement and resolution of all Released Class Claims.

i. "Court" means the Superior Court of California for the County of San Bernardino.

j. “Defendant” means Defendant Stater Bros. Markets.

k. “Defendant’s Counsel” means Richard D. Marca and Christopher S. Milligan of Varner & Brandt LLP.

l. “Effective Date” refers to the date upon which the terms of this Settlement Agreement shall become effective, which is the date on which all of the following events have occurred: (i) this Settlement Agreement has been executed by all Parties and their respective counsel; (ii) the Court has preliminarily approved the Settlement; (iii) the Notice Packet has been given to the Class, providing them with an opportunity to dispute their Workweeks as stated in their Class Notice, to opt out of the Class Settlement, or to object to the Class Settlement; (iv) the Court has entered the contemplated Final Approval Order and Judgment, certifying the Class and approving this Settlement; and (v) the later of the following events: (1) if there is no objection to the Settlement, or if there is an objection but it is withdrawn, then, the date of the notice of entry of the Final Approval Order and Judgment; (2) if there is an objection to the Settlement that is not withdrawn, but no appeal is commenced thereafter, then, sixty-five (65) calendar days following notice of entry of the Final Approval Order and Judgment; or (3) if there is an objection to the Settlement, that is not withdrawn, and any appeal, writ, or other appellate proceeding opposing the Settlement has been filed within sixty-five (65) calendar days following notice of entry of the Final Approval Order and Judgment, then when any such appeal, writ, or other appellate proceeding opposing the validity of the Settlement has been resolved finally and conclusively with no right to pursue further remedies or relief. In this regard, it is the intention of the Parties that the Settlement shall not become effective until the Final Approval Order and Judgment is completely final, and there is no further recourse by an appellant or objector who seeks to contest the Settlement.

m. “Employer Taxes” means the employer’s share of taxes and contributions in connection with the wages portion of Individual Settlement Shares, which shall be paid by Defendant in addition to the Maximum Settlement Amount.

n. “Enhancement Payment” means the amount to be paid to Plaintiff in recognition of her efforts and work in prosecuting the Actions.

o. “Final Approval” means the determination by the Court that the Settlement is fair, reasonable, and adequate, and the Court's entry of the Final Approval Order and Judgment based thereon.

p. "Final Approval Hearing" means the hearing at which the Court will consider and determine whether the Settlement should be granted Final Approval.

q. "Individual PAGA Payment(s)" means the *pro rata* share of the PAGA Employee Amount that a PAGA Employee may be eligible to receive for the PAGA Settlement, to be calculated in accordance with Paragraph 18.

r. "Individual Settlement Payment(s)" means the net payment of each Settlement Class Member's Individual Settlement Share, after reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Individual Settlement Share, as provided in Paragraph 17.

s. "Individual Settlement Share" means the *pro rata* share of the Net Settlement Amount that a Class Member may be eligible to receive for the Class Settlement, to be calculated in accordance with Paragraph 17.

t. "LWDA Payment" means the amount of $1,012,500, i.e., 75% of the PAGA Amount, that the Parties have agreed to pay to the California Labor and Workforce Development Agency ("LWDA") for the PAGA Settlement, as set forth in Paragraph 16.

u. "Maximum Settlement Amount" means the amount of $4,475,000 to be paid by Defendant in full resolution of all Released Class Claims, Released PAGA Claims, and the Actions provided for under the Class Settlement and PAGA Settlement, which includes all Attorneys' Fees and Costs to be paid to Class Counsel, Enhancement Payment to be paid to Plaintiff, PAGA Amount to be paid to the LWDA and PAGA Employees, Net Settlement Amount to be paid to the Settlement Class Members, and Settlement Administration Costs to be paid to the Settlement Administrator. Defendant shall pay the Employer Taxes in addition to the Maximum Settlement Amount. The Maximum Settlement Amount may increase to the extent provided in Paragraph 39.

v. "Net Settlement Amount" means the Maximum Settlement Amount less the Court-approved Enhancement Payment, Settlement Administration Costs, PAGA Amount, and Attorneys' Fees and Costs.

w. "Objection" means a Class Member's written objection to the Class Settlement, which must: (a) contain the case name and number of the Class Action; (b) contain the Class Member's full name, signature, address, telephone number, and last four (4) digits of Social Security Number; (c) contain a written statement of all grounds for the objection accompanied by any legal and factual support for such objection; (d) contain copies of any papers, briefs, or other documents upon which the objection is based; and (e) be submitted by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

x. "PAGA Amount" means the allocation of $1,350,000 from the Maximum Settlement Amount as civil penalties pursuant to the Private Attorneys General Act, California Labor Code sections 2698, *et seq*. ("PAGA," as defined above), for the settlement and resolution of the Released PAGA Claims. Seventy-five percent (75%) of the PAGA Amount, or $1,012,500, will be paid to the LWDA (i.e., the LWDA Payment) and the remaining twenty-five percent (25%), or $337,500, will be distributed to PAGA Employees (i.e., the PAGA Employee Amount).

y. "PAGA Employees" means all current and former non-exempt, hourly-paid employees who were employed by Defendant in California at any time during the PAGA Period.

z. "PAGA Employee Amount" means the amount of $337,500, i.e., 25% of the PAGA Amount, to be distributed to PAGA Employees on a *pro rata* basis based on their Workweeks during the PAGA Period.

aa. "PAGA Period" means the time period from December 21, 2022 through the Court's preliminary approval of the Settlement.

bb. "PAGA Settlement" means the settlement and resolution of Released PAGA Claims.

cc. "Parties" means Plaintiff and Defendant, collectively, and "Party" means any of the Plaintiff or Defendant.

dd. "Preliminary Approval" means entry of the Court's order granting preliminary approval of the Settlement Agreement.

ee. "Released Class Claims" means any and all claims, actions, or cause of action alleged in the operative Complaint in the Class Action or that could have been alleged based upon the facts alleged in the operative Complaint in the Class Action, arising during the Class Period, including and not limited to, failure to properly pay overtime, failure to pay all wages, failure to pay minimum wages, failure to provide compliant meal periods and/or pay associated premiums, failure to provide compliant rest periods and/or pay associated premiums, failure to timely pay wages during employment and associated waiting-time penalties, failure to timely pay wages upon termination and associated waiting-time penalties, failure to provide compliant itemized wage statements, failure to reimburse necessary business expenses, and violations of California Labor Code sections 201, 202, 203, 204, 210, 221, 226(a), 226.7, 246, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802, 2804, and the Industrial Welfare Commission Wage Orders, and violation of California Business and Professions Code sections 17200, *et seq*. based on the aforementioned.

Specially excluded from the Released Class Claims are the following two limited exclusions:

i. For the period of November 1, 2014 through February 4, 2020, the Released Class Claims shall not apply to any and all non-exempt employees of Defendant who work or have worked at Defendant's Distribution Center located in San Bernardino, California at any time during the period of November 1, 2014, to February 4, 2020, and who previously released their claims through prior class action and court-approved settlements. [1]

ii. For the period of September 7, 2018 through November 10, 2021, the Released Class Claims shall not apply to any and all non-exempt California retail employees of Defendant who were employed at any time during the period from September 7, 2018, to November 10, 2021, and who previously released their claims through prior class action and court-approved settlements. [2]

ff. "Released PAGA Claims" means all claims for civil penalties under the Private Attorneys General Act, California Labor Code sections 2698, *et seq.* ("PAGA," as defined above) that

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[1] *Elizabeth Partida vs. Stater Bros. Markets*, San Bernardino Superior Court Case Number CIVDS1828290 (the "*Partida* Action").

[2] *Cheylyn Ross vs. Stater Bros. Markets*, San Bernardino Superior Court Case Number CIVDS1902518 (the "*Ross* Action").

were alleged in the PAGA Notice and operative Complaint in the PAGA Action or that reasonably could have been alleged based on the factual allegations in the PAGA Notice and operative Complaint in the PAGA Action, arising during the PAGA Period, against any of the Released Parties, for violations of the California Labor Code, including *inter alia,* sections 201, 202, 203, 204, 210, 221, 226(a), 226.7, 246, 510, 512 (a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802, 2804, and applicable Industrial Welfare Commission Wage Orders, for failure to properly pay overtime, failure to pay all wages, failure to pay minimum wages, failure to provide compliant meal periods and/or pay associated premiums, failure to provide compliant rest periods and/or pay associated premiums, failure to timely pay wages during employment and associated waiting-time penalties, failure to timely pay wages upon termination and associated waiting-time penalties, failure to provide compliant itemized wage statements, and failure to reimburse necessary business expenses.

gg. "Released Parties" means Defendant, and all its past, present, and future parent companies, subsidiaries, divisions, partners, subsidiaries, divisions, shareholders, officers, directors, employees, agents, attorneys, insurers, affiliated companies, successors, and assigns.

hh. "Request for Exclusion" means a Class Member's written letter indicating a request to be excluded from the Class Settlement, which must: (a) contain the case name and number of the Class Action; (b) contain the Class Member's full name, signature, address, telephone number, and last four (4) digits of Social Security Number; (c) contain a clear written statement indicating that the Class Member seeks exclusion from the Class Settlement; and (d) be submitted by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

ii. "Response Deadline" means the deadline by which Class Members must submit a Request for Exclusion orObjection, and/or Workweeks Dispute, which shall be the date that is forty-five (45) calendar days from the initial mailing of the Class Notice by the Settlement Administrator, unless the 45th day falls on a Sunday or Federal holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal Service is open; in the event that a Class Notice is re-mailed to a Class Member, the Response Deadline for that Class Member shall be extended by fifteen (15) calendar days from the initial Response Deadline.

jj. "Settlement Administrator" means Simpluris, Inc. or any other third-party class action settlement administrator agreed to by the Parties and approved by the Court for purposes of administering this Settlement. The Parties and their counsel 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.

kk. "Settlement Administration Costs" means the costs payable from the Maximum Settlement Amount, subject to Court approval, to the Settlement Administrator for administering this Settlement, as set forth in Paragraph 15.

ll. "Settlement Class Members" or "Settlement Class" means all Class Members who do not submit a timely and valid Request for Exclusion.

mm. "Workweeks" means the number of shifts each Class Member worked as a non-exempt employee for Defendant in California during the Class Period, divided by seven (7), as there are seven (7) days in a work week. Workweeks shall not include shifts worked for which a Class Member has already released their claims as a result of the prior class action and court approved settlements in the following actions: *Cheryln Ross v. Stater Bros. Markets*, San Bernardino Superior Court Case No. CIVDS1902518 (the "*Ross* Action"); and *Elizabeth Partida v. Stater Bros. Markets*, San Bernardino Superior Court Case No. CIVDS1828290 (the "*Partida* Action")

nn. "Workweeks Dispute" means a Class Member's written letter disputing the pre-printed information on the Class Notice as to the number of Workweeks credited to them, which must: (a) contain the case name and number of the Class Action; (b) contain the Class Member's full name, signature, address, telephone number, and last four (4) digits of Social Security Number; (c) clearly state that the Class Member disputes of the number of Workweeks credited to him or her and what he or she contends is the correct number to be credited to him or her; (d) attach any documentation that he or she has to support the dispute; and (e) be submitted by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

CLASS CERTIFICATION

10. For the purposes of this Settlement only, the Parties stipulate to the certification of the Class.

11. The Parties agree that certification for the purpose of settlement is not an admission that

certification is proper under California Code of Civil Procedure section 382. Should, for whatever reason, the Court not grant Final Approval, the Parties' stipulation to class certification as part of the Settlement shall become null and void *ab initio* and shall have no bearing on, and shall not be admissible in connection with, the issue of whether or not certification would be appropriate as to any of the claims asserted by Plaintiff against Defendant in a non-settlement context.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements set forth herein, the Parties agree, subject to the Court's approval, as follows:

12. Funding and Disbursement of the Maximum Settlement Amount. Within fifteen (15) calendar days after the Effective Date, the Settlement Administrator will provide the Parties with an accounting estimate of the amounts to be paid by Defendant pursuant to the terms of the Settlement and establish a qualified settlement account for administration of the Settlement. Within thirty (30) calendar days after the Effective Date, Defendant will make a one-time deposit of the Maximum Settlement Amount and Employer Taxes into the settlement account to be established by the Settlement Administrator. Within seven (7) calendar days after the funding of the Maximum Settlement Amount, the Settlement Administrator will issue payments due under the Settlement and approved by the Court, as follows: (a) Individual Settlement Payments to Settlement Class Members; (b) Individual PAGA Payments to PAGA Employees; (c) LWDA Payment to the LWDA; (d) Enhancement Payment to Plaintiff; (e) Attorneys' Fees and Costs to Class Counsel; and (f) Settlement Administration Costs to itself (the Settlement Administrator). The Settlement Administrator will also undertake filings and remittances in connection with the employee's share of taxes on the wages portion of Individual Settlement Shares and the Employer Taxes, that are necessary for administration of the Settlement.

13. Attorneys' Fees and Costs. Class Counsel will request and Defendant will not oppose attorneys' fees of up to one-third (1/3) of the Maximum Settlement Amount (i.e., up to $1,500,000 if the Maximum Settlement Amount is $4,475,000) and reimbursement of actual costs and expenses associated with Class Counsel's litigation and settlement of the Actions, supported by declaration, in an amount not to exceed Thirty Thousand Dollars ($30,000), both of which will be paid from the Maximum Settlement Amount subject to Court approval. These amounts will cover any and all work performed

and any and all costs incurred by Class Counsel in connection with the litigation and settlement of the Actions, including without limitation all work performed and costs incurred to date, and all work to be performed and all costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel shall be solely and legally responsible for correctly characterizing this compensation for tax purposes and for paying any taxes on the amounts received. Any portion of the requested Attorneys' Fees and Costs not awarded to Class Counsel shall be a part of the Net Settlement Amount for the benefit of Settlement Class Members.

14. Enhancement Payment. In recognition of her efforts and work in prosecuting the Actions, Defendant agrees not to oppose or impede any application or motion for an Enhancement Payment to Plaintiff in the amount of up to $5,000. The Enhancement Payment, which Defendant will not contest and which will be paid from the Maximum Settlement Amount subject to Court approval, will be in addition to any Individual Settlement Payment and Individual PAGA Payment (if applicable) that Plaintiff is eligible to receive pursuant to the Settlement. The Settlement Administrator will issue an IRS Form 1099 to Plaintiff for the Enhancement Payment, and Plaintiff shall be solely and legally responsible for correctly characterizing this compensation for tax purposes and for paying any and all taxes on the amounts received. Should the Court not approve the Enhancement Payment to Plaintiff, or approve it in an amount that is less than that set forth above, Plaintiff shall not have the right to revoke this Agreement, and it will remain binding, and the difference between the amount approved by the Court (if any) and the amount allocated toward the Enhancement Payment will be part of the Net Settlement Amount for the benefit of Settlement Class Members.

15. Settlement Administration Costs. The Settlement Administrator will be paid for the reasonable costs of administration of the Settlement and distribution of payments under the Settlement, which is currently estimated not to exceed Eighty-Five Thousand Dollars ($85,000). These costs, which will be paid from the Gross Settlement Amount subject to Court approval, will include, *inter alia*, translating the Class Notice to Spanish, printing, distributing, and tracking Class Notices and other documents for the Settlement, calculating and distributing payments due under the Settlement, issuing of 1099 and W-2 IRS Forms and all required tax reporting, filings, withholdings, and remittances,

providing necessary reports and declarations, and other duties and responsibilities set forth herein to process this Settlement, and as requested by the Parties. To the extent actual Settlement Administration Costs are greater than the estimated amount stated herein, such excess amount will be deducted from the Gross Settlement Amount, subject to approval by the Court. Any portion of the estimated, designated, and/or awarded Settlement Administration Costs that are not in fact required to fulfill payment to the Settlement Administrator, to undertake the required settlement administration duties, will be part of the Net Settlement Amount for the benefit of Settlement Class Members.

16. PAGA Amount. Subject to approval by the Court, the Parties agree that the amount of $1,350,000 from the Maximum Settlement Amount will be allocated toward civil penalties under the Private Attorneys General Act, California Labor Code sections 2698, *et seq*. (i.e., the PAGA Amount), of which seventy-five percent (75%), or $1,012,500, will be paid to the LWDA (i.e., the LWDA Payment) and twenty-five percent (25%), or $337,500, will be distributed to PAGA Employees (i.e., the PAGA Employee Amount) on a *pro-rata* basis, based on Workweeks during the PAGA Period (i.e., the Individual PAGA Payment).

17. Individual Settlement Share Calculations. Individual Settlement Shares will be calculated and apportioned from the Net Settlement Amount based on the Class Members' number of Workweeks during the Class Period, as follows:

a. After Preliminary Approval of the Settlement, the Settlement Administrator will divide the estimated Net Settlement Amount by the Workweeks of all Class Members during the Class Period to yield the "Estimated Workweek Value," and multiply each Class Member's individual Workweeks during the Class Period by the Estimated Workweek Value to yield his or her estimated Individual Settlement Share.

b. After Final Approval of the Settlement, the Settlement Administrator will divide the final Net Settlement Amount by the Workweeks of all Settlement Class Members during the Class Period to yield the "Final Workweek Value," and multiply each Settlement Class Member's individual Workweeks during the Class Period by the Final Workweek Value to yield his or her Individual Settlement Share.

18. Individual PAGA Payment Calculations. Individual PAGA Payments will be calculated

and apportioned from the PAGA Employee Amount based on the PAGA Employees' number of Workweeks during the PAGA Period as follows: The Settlement Administrator will divide the PAGA Employee Amount, i.e., 25% of the PAGA Amount, by the total number of Workweeks of all PAGA Employees during the PAGA Period to yield the "PAGA Workweek Value," and multiply each PAGA Employee's individual Workweeks during the PAGA Period by the PAGA Workweek Value to yield his or her Individual PAGA Payment.

19. Settlement Awards Do Not Trigger Additional Benefits. All payments made under the Settlement shall be deemed to be paid to the payee solely in the year in which such payments actually are issued to the payee. It is expressly understood and agreed that payments made under this Settlement shall not in any way entitle Plaintiff, Settlement Class Members, or PAGA Employees to additional compensation or benefits including any new or additional compensation or benefits, or any bonus, contest or other compensation or benefit plan or agreement in place during the Class Period, nor will it entitle Plaintiff, Settlement Class Members, or PAGA Employees to any increased retirement, pension, 401K benefits or matching benefits, or deferred compensation benefits. It is the intent of this Agreement that the Individual Settlement Payments and Individual PAGA Payments provided for in this Agreement are the sole payments to be made by Defendant to the Settlement Class Members and PAGA Employees in connection with this Agreement (notwithstanding any contrary language or agreement in any benefit or compensation plan document that might have been in effect during the Class Period).

20. Notice of Proposed PAGA Settlement to LWDA. Pursuant to California Labor Code section 2699(l)(2), Class Counsel will submit a copy of this Settlement Agreement to the LWDA at the same time that it is submitted to the Court for preliminary approval.

21. Delivery of the Class List. Within twenty-one (21) calendar days of Preliminary Approval, Defendant will provide the Class List to the Settlement Administrator.

22. Notice by First-Class U.S. Mail.

a. Within fourteen (14) calendar days after receiving the Class List from Defendant, the Settlement Administrator will perform a search based on the United States Postal Service's National Change of Address Database or any other similar services available, such as provided by Experian, for information to update and correct for any known or identifiable address changes, and will mail a Class

Notice in English and Spanish (in the form attached as **Exhibit A** to this Settlement Agreement) to all Class Members via U.S. mail, using the most current, known mailing addresses identified by the Settlement Administrator.

b. With respect to Class Notices that are returned as undeliverable on or before the Response Deadline, the Settlement Administrator will search for an alternate address by way of skip-trace and re-mail the Class Notice within five (5) calendar days to an alternate address if one is located.

c. <u>Dispute Regarding Workweeks</u>. The Class Notice will include the procedure by which a Class Member may dispute the number of Workweeks allocated to him or her by submitting a timely and valid Workweeks Dispute. The date of the postmark on the return mailing envelope will be the exclusive means to determine whether a dispute has been timely submitted. Absent evidence rebutting the accuracy of Defendant's records and data as they pertain to the number of Workweeks to be credited to a disputing Class Member, Defendant's records will be presumed correct and determinative of the dispute. The Settlement Administrator will evaluate the information and/or documents submitted by the Class Member and the Settlement Administrator will resolve and determine the number of Workweeks that the disputing Class Member should be credited with under the Settlement. The Settlement Administrator's decision on such disputes will be final and non-appealable.

23. <u>Settlement Checks.</u>

a. The Settlement Administrator will be responsible for undertaking appropriate deductions, required tax reporting, and issuing the Individual Settlement Payments by way of check to the Settlement Class Members and the Individual PAGA Payments by way of check to the PAGA Employees in accordance with this Settlement Agreement. When issuing payments, the Settlement Administrator may combine the Individual Settlement Payment and Individual PAGA Payment into one check if the intended recipient for both payments is one individual.

b. The Settlement Administrator shall remit and report the applicable portions of the payroll tax payment to the appropriate taxing authorities on a timely basis pursuant to its duties under this Agreement. Defendant agrees to reasonably cooperate with the Settlement Administrator to the extent necessary to determine the amount of the payroll tax payment required.

c. Each Individual Settlement Payment check and Individual PAGA Payment check will be valid and negotiable for one hundred and eighty (180) calendar days from the date of original issuance, and thereafter, shall be canceled. All funds remaining in connection with, and after the cancelation of checks issued to Settlement Class Members and PAGA Employees, shall be paid to Legal Aid Society of San Bernardino ("Proposed *Cy Pres* Recipient"). The Proposed *Cy Pres* Recipient is a nonprofit law firm that provides free legal services to individuals living in poverty across San Bernardino. The Parties and their counsel do not have any interests or involvement within the governance or work of the Proposed *Cy Pres* Recipient. Should the Court reject Legal Aid Society of San Bernardino as a viable *cy pres* recipient, the Parties agree to select and propose California Rural Legal Assistance, Inc. as an alternate *cy pres* recipient ("Alternate *Cy Pres* Recipient"). The Parties and their counsel do not have any interests or involvement within the governance or work of the Alternate Proposed *Cy Pres* Recipient.

d. The Settlement Administrator shall undertake amended and/or supplemental tax filings and reporting, required under applicable local, state, and federal tax laws, that are necessitated due to the cancelation of any Individual Settlement Payment or Individual PAGA Payment checks. Settlement Class Members whose Individual Settlement Payment checks are canceled shall, nevertheless, be bound by this Settlement Agreement and the Final Approval Order and Judgment will have claim preclusive impact with respect to them and all Settlement Class Members with respect to the Class Settlement. The Final Approval Order and Judgment will have a claim preclusive impact on the PAGA Employees with respect to the PAGA Settlement irrespective of whether their Individual PAGA Payment checks are canceled.

24. <u>Exclusions.</u> The following exclusions shall apply to this Agreement: (a) Perla Morales ("Ms. Morales"), the plaintiff in the action entitled *Perla Morales v. Stater Bros. Markets*, Orange County Superior Court Case No. 30-2024-01375624-CU-OE-CXC (the "*Morales* Action") is excluded from this Settlement and is not a Class Member or PAGA Member. None of Ms. Morales' individual claims in the *Morales* Action are being released by this Settlement.

a. <u>(b) Exclusion of Workweeks Covered By Prior Class Actions</u>. This Settlement shall not cover those Workweeks and shifts worked for which a Class Member has already released their claims and received a settlement payment as a result of the prior class action settlements in the *Ross* Action and *Partida* Action, as defined above.

25. Procedures for Requesting Exclusion from the Class Settlement. Any Class Member wishing to be excluded from the Class Settlement must submit a timely and valid Request for Exclusion to the Settlement Administrator, by mail, on or before the Response Deadline. The date of the postmark on the return mailing envelope will be the exclusive means to determine whether a Request for Exclusion has been timely submitted. The Settlement Administrator will certify jointly to Class Counsel and Defendant's Counsel, the number of timely and valid Requests for Exclusion that were submitted, and also identify the individuals who submitted them, in a declaration that is to be filed with the Court in advance of the Final Approval Hearing. Any Class Member who submits a timely and valid Request for Exclusion is prohibited from making any objection to the Class Settlement. Any Class Member who submits a timely and valid Request for Exclusion will not be bound by the Class Settlement and will not be issued an Individual Settlement Payment. All PAGA Employees will be bound by the PAGA Settlement and will be issued an Individual PAGA Payment, irrespective of whether they submit a Request for Exclusion.

26. Procedures for Objecting to the Class Settlement. Class Members who have not opted out of the Class Settlement (i.e., Settlement Class Members) may object to the Class Settlement. To object to the Class Settlement, Settlement Class Members must submit a timely and complete Objection to the Settlement Administrator, by mail, on or before the Response Deadline. The Objection must be signed by the Settlement Class Member and contain all information required by this Settlement Agreement. The postmark date will be deemed the exclusive means for determining that the Objection is timely. At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to object to the Settlement Agreement or appeal from the Final Approval Order and Judgment. Settlement Class Members may also present their objection orally at the Final Approval Hearing, irrespective of whether they submit a written Objection. The Settlement Administrator will certify jointly to Class Counsel and Defendant's Counsel the Objections that were timely submitted, and also attach them as exhibits to a declaration that is to be filed with the Court in advance of the Final Approval Hearing.

27. Reports by the Settlement Administrator Regarding Settlement Administration. The Settlement Administrator will provide Defendant's Counsel and Class Counsel a weekly report which certifies: (a) the number of Class Members who have submitted Workweeks Disputes; (b) the number

of Class Members who have submitted timely and valid Requests for Exclusion; (c) the number of Class Members who have submitted timely and complete Objections; (d) the number of undeliverable Class Notices; and (e) the number of re-mailed Class Notices. Additionally, the Settlement Administrator will provide to counsel for both Parties any updated reports regarding the administration of the Settlement Agreement as needed or requested, and immediately notify the Parties when it receives a request from an individual or any other entity regarding inclusion in the Class and/or Settlement.

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

29. Treatment of Individual Settlement Payments and Individual PAGA Payments. Each Individual Settlement Share will be allocated as follows: twenty percent (20%) wages and eighty percent (80%) penalties, interest, and non-wage damages. The portion allocated to wages will be reported on an IRS Form W-2, and the portions allocated to penalties, interest, and non-wage damages will be reported on an IRS Form-1099 by the Settlement Administrator. The Settlement Administrator will withhold the employee’s share of taxes and withholdings with respect to the wages portion of the Individual Settlement Shares, and issue checks to Settlement Class Members for their Individual Settlement Payments (i.e., payment of their Individual Settlement Share net (after deduction) of these taxes and withholdings). Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties and will be reported on an IRS Form-1099 (if applicable) by the Settlement Administrator.

30. Administration of Taxes by the Settlement Administrator. The Settlement Administrator will be responsible for issuing to Plaintiff, Settlement Class Members, PAGA Employees, and Class Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Settlement Agreement. The Settlement Administrator will also be responsible for forwarding all payroll taxes, contributions, and withholdings to the appropriate government authorities.

31. Tax Liability. Plaintiff, Class Counsel, Defendant, and Defendant’s Counsel do not intend anything contained in this Settlement Agreement, the Class Notice or any other communications to Class Members or PAGA Employees regarding the Settlement to constitute advice regarding taxes or taxability, nor shall anything in this Settlement Agreement, the Class Notice, or any other

communication regarding the Settlement be relied on as such. Plaintiff, Settlement Class Members, and PAGA Employees understand and agree that, except with respect to Employer Taxes, they will be solely responsible for correctly characterizing any compensation received under the Settlement on their personal income tax returns and paying any and all taxes due for any and all amounts paid to them under the Settlement.

32. Circular 230 Disclaimer. EACH PARTY TO THIS SETTLEMENT AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS SETTLEMENT AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS SETTLEMENT AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS SETTLEMENT AGREEMENT, (B) HAS NOT ENTERED INTO THIS SETTLEMENT AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS SETTLEMENT AGREEMENT.

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

34. Releases of Claims.

a. Class Settlement Release. Upon the Effective Date and full funding of the Maximum Settlement Amount, Plaintiff and all Class Members who do not submit a timely and valid Request for Exclusion (i.e., Settlement Class Members) will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of and from all Released Class Claims.

35. PAGA Settlement Release. Upon the Effective Date and full funding of the Maximum Settlement Amount, Plaintiff, the State of California with respect to PAGA Employees, and PAGA Employees will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of and from all Released PAGA Claims pertaining to Plaintiff and the PAGA Employees.

36. Duties of the Parties with Respect to Obtaining Preliminary Approval of the Settlement. Upon execution of this Settlement Agreement, Plaintiff shall promptly obtain a hearing date for Plaintiff's motion for preliminary approval of the Settlement and submit this Settlement Agreement to the Court in support of said motion. Defendant agrees not to oppose the motion for preliminary approval of the Settlement consistent with this Settlement Agreement. Said motion shall apply to the Court for the entry of an order ("Preliminary Approval Order"), which shall be mutually agreed upon by the Parties, seeking the following:

a. Conditionally certifying the Class for settlement purposes only;

b. Granting Preliminary Approval of the Settlement;

c. Preliminarily appointing Plaintiff as representative of the Class;

d. Preliminarily appointing Class Counsel as counsel for the Class;

e. Approving, as to form and content, the mutually agreed upon and proposed Class Notice and directing its mailing to the Class by U.S. Mail;

f. Approving the manner and method for Class Members to request exclusion from or object to the Class Settlement as contained herein and within the Class Notice; and

g. Scheduling a Final Approval Hearing at which the Court will determine whether the Settlement should be finally approved as fair, reasonable, and adequate.

37. Duties of the Parties with Respect to Obtaining Final Approval of the Settlement. After the Response Deadline, and with the Court's permission, a hearing will be conducted on Plaintiff's motion for final approval of the Settlement (i.e., the Final Approval Hearing), to determine whether Final Approval of the Settlement should be granted, along with the amounts properly payable for Individual Settlement Payments, Individual PAGA Payments, LWDA Payment, Attorneys' Fees and Costs, Enhancement Payment, and Settlement Administration Costs. By way of said motion, Plaintiff will apply for the entry of the mutually agreed upon proposed order and judgment ("Final Approval Order and Judgment"), which will provide for, in substantial part, the following:

a. Approval of the Settlement as fair, reasonable, and adequate, and directing consummation of its terms and provisions;

b. Certification of the Settlement Class;

c. Appointment of Plaintiff as representative of the Settlement Class;

d. Appointment of Class Counsel as counsel for the Settlement Class;

e. Approval of the application for Attorneys' Fees and Costs to Class Counsel;

f. Approval of the application for Enhancement Payment to Plaintiff;

g. Directing Defendant to fund all amounts due under the Settlement Agreement and ordered by the Court; and

h. Entering judgment in this Action, while maintaining continuing jurisdiction to implement the Settlement, in conformity with California Rules of Court, Rule 3.769, and the Settlement Agreement.

38. Effects of Termination of the Settlement. In the event that the Settlement Agreement is not approved by the Court, such a development shall have the following effects:

a. The Settlement Agreement and all negotiations, statements, and proceedings relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be restored to their respective positions in the Actions prior to the execution of the Settlement Agreement;

b. Neither this Settlement Agreement, nor any ancillary documents, actions, statements, or filings in furtherance of the Settlement (including all matters associated with the mediation) shall be offered into evidence in the Actions or any other action for any purpose whatsoever; and

c. Any documents generated to bring the Settlement into effect will be null and void, and any order entered by the Court in furtherance of this Settlement Agreement will likewise be treated as void from the beginning.

39. Escalator Clause. Defendant represents that, during the period from December 21, 2019, through the date of the Court's preliminary approval of this Settlement, there are an estimated 35,309 Class Members. If it is determined that the total number of Class Members exceeds 35,309 by more than fifteen percent (15%) then the Gross Settlement Amount will be increased on a *pro-rata* basis equal to the percentage increase in the number of Class Members above 40,605.

40. Continuing Jurisdiction. After entry of judgment pursuant to the Settlement, the Court will have continuing jurisdiction pursuant to Rule 3.769 of the California Rules of Court and Section 664.6 of the California Code of Civil Procedure, for purposes of addressing: (a) the interpretation and enforcement of the terms of the Settlement, (b) settlement administration matters, and (c) such post-judgment matters as may be appropriate under court rules or as set forth in this Settlement Agreement.

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

42. Limitation on Publicity. Plaintiff and Class Counsel agree not to issue press releases and engage in any publicity regarding the Settlement, except as shall be contractually required to effectuate the terms of the Settlement and respond to inquiries received from Class Members and PAGA Employees. However, for the limited purpose of allowing Class Counsel to prove their experience and adequacy as class counsel in other actions, Class Counsel may reference the Settlement in the Actions for such purposes. Furthermore, Plaintiff and Class Counsel will undertake any and all disclosures and submissions required to be made to the LWDA in conformity with PAGA.

43. Entire Agreement. This Settlement Agreement and any attached exhibits constitute the

entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties. The Parties expressly recognize California Civil Code section 1625 and California Code of Civil Procedure section 1856(a), and any other provisions of state or federal law, which provide that a written agreement is to be construed according to its terms and may not be varied or contradicted by extrinsic evidence, and the Parties agree that no such extrinsic oral or written representations or terms will modify, vary, or contradict the terms of this Settlement Agreement. This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged herein.

44. Interim Stay of Proceedings. The Parties agree to hold in abeyance all proceedings in the Actions (including, and not limited to, the deadline to bring the Actions to trial under California Code of Civil Procedure section 583.310), except such proceedings necessary to implement and complete the Settlement Agreement, pending the Final Approval Hearing to be conducted by the Court.

45. Amendment and Waiver. The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by written agreement signed by counsel for the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

46. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate actions required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties warrant that they understand and have full authority to enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully enforceable and binding on all Parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under state or federal law.

47. Signatories. It is agreed that because the members of the Class are so numerous, it is

impossible or impractical to have each Class Member execute this Settlement Agreement. The Class Notice will advise all Class Members of the binding nature of the Class Settlement as to the Settlement Class Members, and the release shall have the same force and effect as if this Settlement Agreement were executed by each Settlement Class Member.

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

49. California Law Governs. All terms of this Settlement Agreement and attached exhibits hereto will be governed by and interpreted according to the laws of the State of California.

50. Execution and Counterparts. This Settlement Agreement is subject only to the execution of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including facsimile, electronic, and scanned copies of the signature page, will be deemed to be one and the same instrument.

51. Acknowledgment that the Settlement is Fair and Reasonable. The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Actions, Released Class Claims, and Released PAGA Claims, and have arrived at this Settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement Agreement. In addition, if necessary to obtain Court approval of the Settlement, the Mediator may execute a declaration supporting the Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the Mediator to discuss the Settlement and whether or not the Settlement is objectively fair and reasonable.

52. Invalidity of Any Provision. Before declaring any provision of this Settlement 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 find all provisions of this Settlement Agreement valid and enforceable.

53. Cooperation. By signing this Settlement Agreement, the Parties are hereby bound by the terms herein and agree to fully cooperate to implement the Settlement.

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

55. Captions. The captions and paragraph numbers in this Settlement Agreement are inserted for the reader's convenience, and in no way define, limit, construe, or describe the scope or intent of the provisions of this Settlement Agreement.

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

57. Representation by Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and that this Settlement Agreement has been executed with the consent and advice of counsel, and reviewed in full by the Parties with the assistance of their respective counsel.

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

59. Notices. All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by overnight mail at the addresses set for below, or such other addresses as either Party may designate in writing from time to time:

To Plaintiff and Class Counsel:	To Defendant:
Arby Aiwazian, Esq. Joanna Ghosh, Esq. Arman Marukyan, Esq. **LAWYERS *for* JUSTICE, PC** 410 West Arden Avenue, Suite 203 Glendale, California 91203	Richard D. Marca, Esq. Christopher S. Milligan, Esq. **VARNER & BRANDT LLP** 3750 University Ave., Ste. 610 Riverside, California 92501

60. Final Approval Order and Judgment. The Parties shall provide the Settlement Administrator with a copy of the Final Approval Order and Judgment once it is entered by the Court, and the Settlement Administrator shall post the Final Approval Order and Judgment on its website for sixty (60) calendar days, and this shall satisfy California Rules of Court, Rule 3.771(b). No individualized notice of the Final Approval Order and Judgment to the Class will be required.

61. Cooperation and Execution of Necessary Documents. All Parties and their counsel will cooperate with each other in good faith and use their best efforts to implement the Settlement, including and not limited to, executing all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement. If the Parties are unable to reach an agreement on the form or content of any document needed to implement the Settlement Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties may seek the assistance of the Mediator and then the Court to resolve such disagreement.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Joint Stipulation of Class and PAGA Settlement and Release between Plaintiff and Defendant:

IT IS SO AGREED.

PLAINTIFF WAFA MOWANNES

Electronically Signed 2024-08-07 21:19:06 UTC - 174.227.125.2

Nintex AssureSign® b7ac209b-65e7-4c54-9f44-b1c40004702c

Dated: August 7, 2024

Wafa Mowannes, Plaintiff

DEFENDANT STATER BROS. MARKETS

Dated: August 29, 2024

Full Name: Sean S. Varner
Title: Secretary
On behalf of Defendant Stater Bros. Markets

APPROVED AS TO FORM:

LAWYERS *for* JUSTICE, PC

Dated: August 8, 2024

Arman Marukyan
Attorneys for Plaintiff Wafa Mowannes

VARNER & BRANDT LLP

Dated: August 29, 2024

Richard D. Marca
Christopher S. Milligan
Attorneys for Defendant Stater Bros. Markets

Exhibit A

NOTICE OF CLASS ACTION AND REPRESENTATIVE (PAGA) ACTION SETTLEMENT

Wafa Mowannes v. Stater Bros. Markets
San Bernardino County Superior Court Case No. CIVSB2332884

THIS IS A COURT-AUTHORIZED NOTICE. PLEASE READ THIS NOTICE CAREFULLY.

You have received this Notice because Defendant's records indicate that you may be eligible to take part in the class action and representative (PAGA) action settlement reached in the above-referenced matter.

You do not need to take any action to receive a settlement payment.

This Notice is designed to advise you of your rights and options with respect to the Settlement, and how you can request to be excluded from the Class Settlement, object to the Class Settlement, and/or dispute the number of Workweeks that you are credited with in the Settlement, if you so choose.

YOU ARE NOTIFIED THAT: A class and representative (PAGA) action settlement has been reached between Plaintiff Wafa Mowannes ("Plaintiff") and Defendant Stater Bros. Markets ("Defendant") (Plaintiff and Defendant are collectively referred to as the "Parties") in the case entitled *Wafa Mowannes v. Stater Bros. Markets*, San Bernardino County Superior Court, Case No. CIVSB2332884 (the "Action"), which may affect your legal rights.

On [date of preliminary approval], the Court granted preliminary approval of the Settlement and scheduled a hearing on [date] at [time] ("Final Approval Hearing") to determine whether or not the Court should grant final approval to the Settlement.

I. IMPORTANT DEFINITIONS

"**Class**" means all persons who are or previously were employed by Defendant in California and classified as non-exempt employees (including DOT-regulated drivers) at any time during the Class Period.

"**Class Member**" means a member of the Class.

"Class Period" means the period from December 21, 2019 through [preliminary approval date].

"**Class Settlement**" means the settlement and resolution of all Released Class Claims. (Described in Section III.D. below).

"**PAGA Employees**" means all current and former non-exempt, hourly-paid employees who were employed by Defendant in California at any time during the PAGA Period.

"**PAGA Period**" means the period from December 21, 2022 through [preliminary approval date].

"**PAGA Settlement**" means the settlement and resolution of Released PAGA Claims. (Described in Section III.D. below).

II. BACKGROUND OF THE ACTION

On December 21, 2023, Plaintiff provided written notice to the Labor and Workforce Development Agency ("LWDA") and Defendant of the specific provisions of the California Labor Code that were alleged to be violated ("LWDA Notice"). Also on December 21, 2023, Plaintiff commenced the Action by filing a Class Action Complaint in San Bernardino Superior Court, Case No. CIVSB2332884. On February 26, 2024, Plaintiff filed a separate Representative Action Complaint For: Violations of the Private Attorneys General Act, Labor Code Sections 2698, *Et Seq.* in Los Angeles Superior Court, Case No. 24AHCV00404 (the "PAGA Action"). On October 30, 2024, Plaintiff filed a First Amended Complaint in the Action incorporating her claims from the PAGA Action, thereby consolidating the PAGA Action into the Action.

Plaintiff alleges that Defendant failed to properly pay minimum wages, failed to provide compliant meal periods and associated premiums, failed to provide compliant rest periods and associated premiums, failed to timely pay wages during employment and upon the termination of employment, and associated waiting-time penalties, failed to provide compliant wage statements, failed to maintain payroll records, failed to reimburse business expenses, and thereby, engaged in unfair business practices under the California Business and Professions Code section 17200, *et seq.*, and conduct giving rise to civil penalties recoverable under California Labor Code sections 2698, *et seq*. ("PAGA"), with respect to Plaintiff and the other Class Members. Plaintiff seeks, among other things, recovery of unpaid wages and meal and rest period premiums, restitution, penalties, interest, attorneys' fees, and costs.

Defendant denies all of the allegations in the Action (and the PAGA Action) and denies that it violated any law. The Court has not made a ruling on the merits of the case.

The Parties participated in a full-day mediation with a respected class action mediator, and as a result, the Parties reached a settlement. The Parties have since entered into the Joint Stipulation of Class Action and PAGA Settlement and Release ("Settlement" or "Settlement Agreement").

On [date of preliminary approval], the Court entered an order preliminarily approving the Settlement. The Court has preliminary appointed Simpluris, Inc. as the administrator of the Settlement ("Settlement Administrator"), Plaintiff Wafa Mowannes as representative of the Class ("Class Representative"), and the following Plaintiff's attorneys as counsel for the Class ("Class Counsel"):

Arby Aiwazian
Joanna Ghosh
Arman Marukyan
Lawyers *for* Justice, PC
410 West Arden Avenue, Suite 203
Glendale, California 91203
Telephone: (818) 265-1020 / Fax: (818) 265-1021

If you are a Class Member, you do not need to take any action to receive an Individual Settlement Payment and Individual PAGA Payment (if eligible), but you have the opportunity to request exclusion from the Class Settlement (in which case you will not receive an Individual Settlement Payment), object to the Class Settlement, and/or dispute the Workweeks credited to you, if you so choose, as explained more fully in Sections III and IV below.

The Settlement represents a compromise and settlement of highly disputed claims. Nothing in the Settlement is intended or will be construed as an admission by Defendant that the claims in the Action have merit or that Defendant has any liability to Plaintiff or to the Class Members. Plaintiff and Defendant, and their respective counsel, have concluded and agreed that, in light of the risks and uncertainties to each side of continued litigation, the Settlement is fair, reasonable, and adequate, and is in the best interests of the Class Members, the State of California, and PAGA Employees. The Court has made no ruling on the merits asserted in the Action and has determined only that certification of the Class for settlement purposes only is appropriate under California law.

III. SUMMARY OF THE PROPOSED SETTLEMENT

A. Breakdown of the Settlement

The maximum settlement amount to be paid by Defendant is four million four hundred seventy-five thousand dollars ($4,475,000) (the "Maximum Settlement Amount"). The portion of the Maximum Settlement Amount that is available for payment to Class Members is referred to as the "Net Settlement Amount." The Net Settlement Amount will be the Maximum Settlement Amount less the following payments, which are subject to approval by the Court: (1) Attorneys' Fees and Costs, consisting of attorneys' fees in an amount not to exceed one-third (1/3) of the Maximum Settlement Amount (i.e., not to exceed $1,491,666.67) and reimbursement of litigation costs and expenses in an amount not to exceed thirty thousand dollars ($30,000) to Class Counsel; (2) Enhancement Award in the amount of up to five thousand dollars ($5,000) to Plaintiff Wafa Mowannes for her services in the Action; (3) Administration Costs in an amount not to exceed eighty-five thousand dollars ($85,000) for the Settlement Administrator; and (4) payment to the LWDA in the amount of one million twelve thousand five hundred dollars ($1,012,500) for its 75% portion of the PAGA Allocation. Note: A total of one million three hundred fifty thousand dollars ($1,350,000) from the Maximum Settlement Amount has been allocated toward penalties under the Private Attorneys General Act ("PAGA Amount"), of which the LWDA will be paid 75% and the remaining 25% (i.e., $337,500) will be distributed to PAGA Employees ("PAGA Employee Amount").

Class Members may be eligible to receive payment under the Class Settlement of their *pro rata* share of the Net Settlement Amount ("Individual Settlement Share") based on the number of Workweeks each Class Member worked for Defendant as a non-exempt employee in California during the Class Period. For purposes of the Settlement, Workweeks are calculated by dividing the total number of shifts worked by each Class Member by seven (7).

The Settlement Administrator has divided the Net Settlement Amount by the Workweeks of all Class Members to yield the "Estimated Workweek Value," and multiplied each Class Member's individual Workweeks by the Estimated Workweek Value to yield his or her estimated Individual Settlement Share that he or she may be eligible to receive under the Class Settlement (which is listed in Section III.C below). Class Members who do not submit a timely and valid Request for Exclusion ("Settlement Class Members") will be issued payment of their final Individual Settlement Payment.

Each Individual Settlement Share will be allocated as twenty percent (20%) wages, which will be reported on an IRS Form W-2, and eighty percent (80%) penalties, interest, and non-wage damages, which will be reported on an IRS Form 1099 (if applicable). Each Individual Settlement Share will be subject to reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Individual Settlement Share, resulting in a net payment to the Settlement Class Member ("Individual Settlement Payment"). The employer's share of taxes and contributions in connection with the wages portion of Individual Settlement Shares ("Employer Taxes") will be paid by Defendants in addition to the Maximum Settlement Amount.

PAGA Employees are eligible to receive payment under the PAGA Settlement of their *pro rata* share of the PAGA Employee Amount ("Individual PAGA Payment") based on their number of Workweeks during the PAGA Period.

The Settlement Administrator has divided the PAGA Employee Amount by the Workweeks of all PAGA Employees during the PAGA Period to yield the "PAGA Workweek Value," and multiplied each PAGA Employee's individual Workweeks during the PAGA Period by the PAGA Workweek Value to yield his or her estimated Individual PAGA Payment that he or she may be eligible to receive under the PAGA Settlement.

Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties, which will be reported on IRS Form 1009 (if applicable).

If the Court grants final approval of the Settlement, Individual Settlement Payments will be mailed to Settlement Class Members and Individual PAGA Payments will be mailed to PAGA Employees at the address that is on file with the Settlement Administrator. **If the address to which this Notice was mailed is not correct, or if you move after you receive this Notice, you must make sure to provide your correct mailing address to the Settlement Administrator in a timely fashion, to ensure receipt of payment.**

B. Your Workweeks Based on Defendants' Records

According to Defendants' records:

> **From December 21, 2019 through [preliminary approval date] (i.e., Class Period), you are credited with [_____] Workweeks.**
>
> **From December 21, 2022 through [preliminary approval date] (i.e., PAGA Period), you are credited with [_____] Workweeks.**

If you wish to dispute the Workweeks credited to you (please again note that for purposes of the Settlement, Workweeks are not the number of weeks in which you worked during the Class Period, but are instead defined and calculated by dividing the total number of shifts worked by each Class Member by seven), you must timely submit a written letter to the Settlement Administrator, that: (a) contains the case name and number of the Action (*Wafa Mowannes v. Stater Bros. Markets*, Case No. CIVSB2332884); (b) contains your full name, signature, address, telephone number, and last four (4) digits of your Social Security Number; (c) clearly states that you dispute the number of Workweeks credited to you during the Class Period and/or PAGA Period and states what number(s) of Workweeks you contend should be credited to you for the Class Period and/or PAGA Period; (d) includes information and/or attaches documentation demonstrating that the number of Workweeks that you contend should be credited to you for the Class Period and/or PAGA Period; and (e) is returned by mail to the Settlement Administrator at the specified address listed in Section IV.V below, postmarked **on or before [Response Deadline]**.

C. Your Estimated Individual Settlement Share and Individual PAGA Payment (if applicable)

As explained above, your estimated Individual Settlement Share is based on the number of Workweeks credited to you during the Class Period, and your estimated Individual PAGA Payment (if applicable) is based on the number of Workweeks credited to you during the PAGA Period.

> **Under the terms of the Settlement, your Individual Settlement Share is estimated to be $___________. The Individual Settlement Share is subject to reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Individual Settlement Share and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.**
>
> **Under the terms of the Settlement, your Individual PAGA Payment is estimated to be $___________. The Individual PAGA Payment will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.**

The settlement approval process may take several months. Your Individual Settlement Share and Individual PAGA Payment (if applicable) reflected in this Notice are only estimates. Your actual Individual Settlement Share and Individual PAGA Payment (if applicable) may be higher or lower than estimated.

D. Release of Claims

Upon the Effective Date and full funding of the Maximum Settlement Amount, Plaintiff and all Settlement Class Members (i.e., Class Members who do not submit a timely and valid Request for Exclusion) will release the Released Parties from the Released Class Claims.

Upon the Effective Date and full funding of the Maximum Settlement Amount, Plaintiff, the State of California with respect to all PAGA Employees, and all PAGA Employees, will release the Released Parties from the Released PAGA Claims.

"Released Class Claims" means any and all claims, actions, or cause of action alleged in the operative complaint in the Class Action, or that could have been alleged based upon the facts alleged in the operative complaint in the Class Action, arising during the Class Period, including and not limited to, failure to properly pay overtime, failure to pay all wages, failure to pay minimum wages, failure to provide compliant meal periods and/or pay associated premiums, failure to provide compliant rest periods and/or pay associated premiums, failure to timely pay wages during employment and associated waiting-time penalties, failure to timely pay wages upon termination and associated waiting-time penalties, failure to provide compliant itemized wage statements, failure to reimburse necessary business expenses, and violations of California Labor Code sections 201, 202, 203, 204, 210, 221, 226(a), 226.7, 246, 510, 512 (a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802, 2804. and the Industrial Welfare Commission Wage Orders, and violation of California Business and Professions Code section 17200, et seq. based on the aforementioned.

"Released PAGA Claims" means all claims for civil penalties under the Private Attorneys General Act, California Labor Code section 2698, et seq. that were alleged in the PAGA Notice and operative complaint in the PAGA Action or that reasonably could have been alleged based on the factual allegations in the PAGA Notice and operative complaint in the PAGA Action, arising during the PAGA Period, against any of the Released Parties, for violations of the California Labor Code, including inter alia sections 201, 202, 203, 204, 210, 221, 226(a), 226.7, 246, 510, 512 (a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802, 2804, and applicable Industrial Welfare Commission Wage Orders for failure to properly pay overtime, failure to pay all wages, failure to pay minimum wages, failure to provide compliant meal periods and/or pay associated premiums, failure to provide compliant rest periods and/or pay associated premiums, failure to timely pay wages during employment and associated waiting-time penalties, failure to timely pay wages upon termination and associated waiting-time penalties, failure to provide compliant itemized wage statements, failure to reimburse necessary business expenses.

"Released Parties" means Defendant, and all its past, present, and future parent companies, subsidiaries, divisions, partners, subsidiaries, divisions, shareholders, officers, directors, employees, agents, attorneys, insurers, affiliated companies, successors, and assigns.

E. Attorneys' Fees and Costs to Class Counsel

Class Counsel will seek attorneys' fees in an amount of up to one-third (1/3) of the Maximum Settlement Amount, which is $1,491,666.67, and reimbursement of litigation costs and expenses in an amount not to exceed $30,000 (collectively, "Attorneys' Fees and Costs") subject to approval by the Court. All Attorneys' Fees and Costs awarded by the Court will be paid from the Maximum Settlement Amount. Class Counsel has been prosecuting the Action on behalf of Plaintiff, Class Members, and PAGA Employees on a contingency fee basis (that is, without being paid any money to date) and has been paying all litigation costs and expenses.

F. Enhancement Award to Plaintiff

Plaintiff will seek the amount of $5,000 ("Enhancement Award"), in recognition of her services in connection with the Action. The Enhancement Award will be paid from the Maximum Settlement Amount, subject to approval by the Court, and if awarded, will be paid to Plaintiff in addition to her Individual Settlement Payment and Individual PAGA Payment that she is entitled to under the Settlement.

G. Administration Costs to Settlement Administrator

Payment to the Settlement Administrator is estimated not to exceed $80,000 ("Administration Costs") for the costs of the notice and settlement administration process, including but not limited to, the expense of notifying the Class Members and PAGA Employees of the Settlement, processing Requests for Exclusion, Notices of Objection, and disputes regarding Workweeks, calculating Individual Settlement Shares, Individual Settlement Payments, and Individual PAGA Payments, and distributing payments and tax forms under the Settlement, and shall be paid from the Maximum Settlement Amount, subject to approval by the Court.

IV. WHAT ARE YOUR RIGHTS AND OPTIONS AS A CLASS MEMBER?

A. Participate in the Settlement

If you want to receive money from the Class Settlement, you do not have to do anything. You will automatically be included in the Class Settlement and issued your Individual Settlement Payment unless you decide to exclude yourself from the Class Settlement. Unless you elect to exclude yourself from the Class Settlement, you will be bound by the terms of the Class Settlement and any judgment that may be entered by the Court based thereon, and you will release the Released Class Claims described in Section III.D above.

If you are a PAGA Employee, you will automatically be included in the PAGA Settlement and issued your Individual PAGA Payment. This means you will be bound by the terms of the PAGA Settlement and any judgment that may be entered by the Court based thereon, and you will release the Released PAGA Claims described in Section III.D above.

As a Class Member and PAGA Employee (if applicable), you will not be separately responsible for the payment of attorneys' fees or litigation costs and expenses, unless you retain your own counsel, in which event you will be responsible for your own attorney's fees and expenses.

B. Request Exclusion from the Class Settlement

If you do not wish to participate in the Class Settlement, you must submit a letter ("Request for Exclusion") to the Settlement Administrator, which must: (a) contain the case name and number of the Action (*Wafa Mowannes v. Stater Bros. Markets*, Case No. CIVSB2332884); (b) contain your full name, signature, address, telephone number, and last four (4) digits of your Social Security Number; (c) clearly state you do not wish to be included in the Class Settlement; and (d) be submitted by mail to the Settlement Administrator at the specified address listed below, postmarked **on or before [Response Deadline]**.

[Settlement Administrator]
[Mailing Address]

If the Court grants final approval of the Settlement, any Class Member who submits a valid and timely Request for Exclusion will not be entitled to an Individual Settlement Payment, will not be bound by the Class Settlement (and the release of Released Class Claims stated in Section III.D above), and will not have any right to object to, appeal, or comment on the Class Settlement. Any Class Members who do not submit a valid and timely Request for Exclusion will be bound by all terms of the Class Settlement, including those pertaining to the release of claims stated in Section III.D above, as well as any judgment that may be entered by the Court based thereon.

Notwithstanding the above, PAGA Employees will receive their Individual PAGA Payment and will be bound to the PAGA Settlement (and the release of Released PAGA Claims described in Section III.D above), irrespective of whether they submit a Request for Exclusion.

C. Object to the Class Settlement

You can object to the terms of the Class Settlement as long as you have not submitted a Request for Exclusion, by submitting a written objection ("Objection") to the Settlement Administrator or presenting your objection at the Final Approval Hearing.

The Objection must include: (a) the case name and number of the Action (*Wafa Mowannes v. Stater Bros. Markets*, Case No. CIVSB2332884); (b) your full name, signature, address, telephone number, and last four (4) digits of your Social Security Number; (c) a written statement of all grounds for the objection accompanied by any legal support for such objection; (d) copies of any papers, briefs, or other documents upon which the objection is based; and (e) be submitted by mail to the Settlement Administrator at the specified address listed in Section IV.B above, postmarked **on or before [Response Deadline]**.

You may still appear at the Final Approval Hearing to assert objections to the Class Settlement even if you have not submitted a written Objection as set forth above.

V. FINAL APPROVAL HEARING

The Court will hold a Final Approval Hearing in Department [_] of the San Bernardino County Superior Court, located at San Bernardino Justice Center, 247 West Third Street, San Bernardino, CA 92415, on [date], at [time], to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve an award of Attorneys' Fees and Costs to Class Counsel, Enhancement Award to Plaintiff, and Administration Costs to the Settlement Administrator.

The hearing may be continued without further notice to the Class Members and PAGA Employees. It is not necessary for you to appear at the Final Approval Hearing, although you may appear if you wish to.

VI. ADDITIONAL INFORMATION

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement Agreement, you should review the detailed Joint Stipulation of Class Action and PAGA Settlement and Release and other papers on file with the Court.

You may view the Settlement Agreement and other court records in the Action by visiting the civil clerk's office, located at 247 West Third Street, San Bernardino, California 92415, during business hours, or online by visiting the following website: https://www.sb-court.org/divisions/civil-general-information/court-case-information-and-document-sales, clicking "Accept," clicking "Search," clicking "Case Information," and typing in the Court Case Number "CIVSB2332884"."

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT.

IF YOU HAVE ANY QUESTIONS, YOU MAY CALL THE SETTLEMENT ADMINISTRATOR AT THE FOLLOWING TOLL-FREE NUMBER: [INSERT], OR YOU MAY ALSO CONTACT CLASS COUNSEL.