EXHIBIT 1

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

TLALOC MUNOZ, an individual; MIGUEL RUIZ, an individual; EDGAR CORONA, an individual, STEVEN SNAVELY, an individual, on behalf of themselves and all others similarly situated, Plaintiffs, vs. EARTHGRAINS DISTRIBUTION, LLC a Delaware limited liability company; BIMBO BAKERIES USA, INC., a Delaware corporation; and DOES 1 through 100, inclusive, Defendants.	Case No. 3:22-cv-01269-AJB-AHG Honorable Anthony J. Battaglia **STIPULATION OF CLASS AND PAGA REPRESENTATIVE ACTION SETTLEMENT**

This Stipulation of Settlement ("Stipulation" or "Settlement") is made and entered into, as of the date set forth below, between Plaintiffs Tlaloc Munoz, Miguel Ruiz, Edgar Corona, and Steven Snavely ("Plaintiffs") and Defendants Earthgrains Distribution LLC and Bimbo Bakeries USA, Inc. ("Defendants"), who are parties to the above-captioned litigation (together, the "Parties").

1. DEFINITIONS

1.1 "Action" means the above-captioned action, *Munoz, et al. v. Earthgrains Distribution LLC, et al.*, United States District Court for the Southern District of California Court Case No. 3:22-cv-01269-AJB-AHG.

1.2 "Arbitration Agreements" means the binding agreement that all Participating Class Members that are current IBPs as of the date of preliminary approval will be required to execute to receive Individual Settlement Payments, a copy of which is attached hereto as **Exhibit 1**.

1.3 "CAFA Notice" means notice of this proposed Settlement to the appropriate federal and state officials pursuant to the Class Action Fairness Act of 2005, 28 U.S.C. §§ 1711-1715.

1.4 "Class Counsel" means Craig M. Nicholas, Alex Tomasevic, Shaun Markley and Jordan Belcastro of Nicholas & Tomasevic, LLP.

1.5 "Class Data" means a confidential spreadsheet that includes, for each Settlement Class Member, their name, last known address, social security number, status as a Current IBP, and number of Eligible Workweeks and Eligible Pay Periods or data sufficient for the Settlement Administrator to determine Eligible Workweeks and Eligible Pay Periods. The Class Data shall be based on Defendants' settlement statements and provided in a format acceptable to the Settlement Administrator.

1.6 "Class Settlement Period" means the time period from June 27, 2018 through and including February 28, 2026.

1.7 “Class Representatives” or “Plaintiffs” means Plaintiffs Tlaloc Munoz, Miguel Ruiz, Edgar Corona, and Steven Snavely.

1.8 “Class Representative’s Released Claims” means any and all claims, obligations, demands, actions, rights, causes of action, and liabilities against the Released Parties, of whatever kind and nature, character, and description, whether in law or equity, whether sounding in tort, contract, federal, state and/or local law, statute, ordinance, regulation, common law, or other source of law or contract, whether known or unknown, and whether anticipated or unanticipated, including all unknown claims covered by California Civil Code Section 1542, by the Class Representative, arising at any time up to and including the date on which the Court enters the Order of Final Approval, for any type of relief, including without limitation claims for wages, premium and other forms of pay, unpaid/unreimbursed costs, penalties (including waiting time penalties), general damages, compensatory damages, liquidated damages, punitive damages, interest, attorneys’ fees, litigation and other costs, expenses, restitution, and equitable and declaratory relief. The Class Representative’s Released Claims also include, but are not limited to, the Released Claims as well as any other claims under any provision of the Fair Labor Standards Act (“FLSA”), the California Labor Code, any applicable California Industrial Welfare Commission Wage Orders, any city or county Living Wage Ordinances, and claims under state or federal discrimination statutes, including, without limitation, the California Government Code; the Unruh Civil Rights Act, California Civil Code; the California Constitution; the California Business and Professions Code, including but not limited to Sections 17200 *et seq.*; the United States Constitution; the Age Discrimination in Employment Act (“ADEA”) and the Older Workers Benefit Protection Act; the Uniformed Services Employment and Reemployment Rights Act, Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000 *et seq.*; the Civil

Rights Act of 1991; the Family and Medical Leave Act, to the extent not prohibited by law; the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq.*; the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 *et seq.*; the Equal Pay Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Sarbanes-Oxley Act of 2002; the California Family Rights Act; and all of their implementing regulations and interpretive guidelines and all other federal, state or local laws or ordinances or common law theories; any and all claims for monetary recovery and personal or individual relief, except as prohibited by law; and any premiums, penalties, interest, punitive damages, costs, attorneys' fees, injunctive relief, declaratory relief, or accounting based on any of the foregoing claims. For the avoidance of doubt, this is a complete and general release to the maximum extent by law. Notwithstanding the foregoing, the release of the Class Representative's Released Claims does not include any claim or right that is not waivable as a matter of law.

1.9 "Current IBP" means individuals that, as of the date of preliminary approval, have a current, operative contract with either Defendant or one of their predecessors, subsidiaries, or affiliates for sales in sales areas in California or who were purchasing product in California or selling to customers in California.

1.10 "Court" means the United States District Court for the Southern District of California.

1.11 "Defendants' Counsel" means Michael Puma and Sarah Zenewicz of Morgan, Lewis & Bockius LLP.

1.12 "Distribution Agreements" mean the contract between IBPs and either Defendant or one of their predecessors, subsidiaries, or affiliates governing sales or sales areas or sales centers located in California.

1.13 "Effective Date" means the latest of: (i) provided that no appeal from the Final Approval Order is filed, the day after the deadline for any appeals expires; (ii) if an appeal from the Final Approval Order is filed, and the appeal is finally disposed of by ruling, dismissal, denial, or otherwise, the day after the last date for filing a request for further review of the Court of Appeal's decision passes, and no further review is requested; and (iii) if an appeal of the Final Approval Order is filed and there is a final disposition by ruling, dismissal, denial, or otherwise by the Court of Appeal, and review of the Court of Appeal's decision is requested, the day after the request for review is denied with prejudice and/or no further review of the Final Approval Order can be requested.

1.14 "Eligible Workweeks" shall mean the workweeks that each Class Member contracted either Defendant or one of their predecessors, subsidiaries, or affiliates in California during the Class Settlement Period.

1.15 "Eligible Pay Periods" shall mean the workweeks that each PAGA Member contracted with either Defendant or one of their predecessors, subsidiaries, or affiliates in California during the PAGA Settlement Period.

1.16 "Enhancement Award" means the amount approved by the Court to be paid to the Class Representatives, in recognition of their efforts in coming forward as Class Representatives and as consideration for a full, general, and comprehensive release by each of the Class Representative's Released Claims, which shall be in addition to their portion of the Net Settlement Amount.

1.17 "Final Approval Date" means the date on which the Court enters the Order of Final Approval.

1.18 "Final Approval Hearing" means a hearing set by the Court, to take place on a date established by the Court, for the purpose of (i) determining the fairness, adequacy, and reasonableness of the Settlement pursuant to Federal Rule 23; (ii) determining the amount of the award of attorneys' fees and costs to Class

Counsel; (iii) determining the amounts of the Enhancement Award to the Class Representatives; and (iv) entering the Judgment.

1.19 "Gross Settlement Amount" shall mean the maximum amount that Defendants will pay in settlement of this matter. The Gross Settlement Amount includes all awards of attorneys' fees and reasonable documented litigation costs to Class Counsel, Enhancement Award, reasonable Settlement Administration Costs, the Reserve Fund, the PAGA Payment (paid to the PAGA Members and the LWDA), all fees, expenses, and costs associated with providing the CAFA Notice, and payments to the Participating Class Members.

1.20 "Independent Business Partner" or "IBP" means individuals that have contracted or currently contract with either Defendant or one of their predecessors, subsidiaries, or affiliates for sales in sales areas in California or who were purchasing product in California or selling to customers in California at any time during the Class Settlement Period.

1.21 "Individual PAGA Payment" means the individual amounts paid from the PAGA Payment to the individual PAGA Members for settlement of claims for civil penalties under PAGA.

1.22 "Individual Settlement Payment" means the settlement amount due to each Participating Class Member from the Net Settlement Amount.

1.23 "LWDA" means the California Labor and Workforce Development Agency.

1.24 "LWDA PAGA Payment" means the payment to the LWDA from the PAGA Payment for settlement of claims for civil penalties under PAGA.

1.25 "Net Settlement Amount" is the portion of the Gross Settlement Amount available for distribution to the Participating Class Members, which shall equal the Gross Settlement Amount less PAGA Payment, Reserve Fund, Court-approved attorneys' fees and costs award to Class Counsel, all fees, expenses, and costs associated with providing the CAFA Notice, Settlement Administration Costs, and the Enhancement Award.

1.26 "Notice of Settlement" means the document provided to Class Members to notify them of the settlement, a copy of which is attached hereto as **Exhibit 2**.

1.27 "PAGA" means the California Labor Code's Private Attorneys General Act.

1.28 "PAGA Members" means Class Members who contracted with either Defendant or one of their predecessors, subsidiaries, or affiliates for sales in sales areas in California or who were purchasing product in California or selling to customers in for at least one Eligible Pay Period during the PAGA Settlement Period.

1.29 "PAGA Payment" means the payment in settlement of all claims for PAGA penalties, 75% of which will be distributed as the LWDA PAGA Payment and 25% of which will be distributed as Individual PAGA Payments to the PAGA Members.

1.30 "PAGA Settlement Period" means the period of May 18, 2021 through and including February 28, 2026.

1.31 "Participating Class Members" means the Class Members who do not timely request to be excluded from the class portion of the settlement. No claim form is required for a Class Member to become a Participating Class Member.

1.32 "Preliminary Approval Date" means the date the Court enters the Order preliminary approving the Stipulation of Settlement and setting the Final Approval Hearing.

1.33 "Qualified Settlement Fund" means the Qualified Settlement Fund ("QSF") created under Internal Revenue Code Section 468B, to be overseen by the Settlement Administrator.

1.34 "Released Class Claims" means all federal, state and local law claims, rights, demands, liabilities, penalties and causes of action asserted against the Released Parties in the Action and/or that could have been asserted in the Action based upon the facts set forth in the Action and/or the LWDA letters (as amended), including, but not limited to, causes of action for or based on: (1) failure to reimburse business expenses (Lab. Code, § 2802); (2) unlawful deductions from wages (Lab. Code §§ 221-223); (3) failure to provide accurate wage statements (Lab. Code § 226); (4) failure to pay overtime (Lab. Code § 510); (5) failure to provide meal breaks (Lab. Code § 226.7); (6) failure to provide rest breaks (Lab. Code § 510); (7) waiting time penalties (Lab. Code §§ 201-203); (8) failure to pay sick leave (Lab. Code § 246 et seq.); and (9) unfair business practices (Bus. Prof. Code § 17200 et seq.) based on the same alleged Labor Code violations; as well as all claims under the Fair Labor Standards Act ("FLSA") and all state or local wage and hour and wage payment/notice laws (such as claims for overtime, straight-time wages, minimum wage, meal and rest breaks, wage statements, wage notices or statements, expense reimbursement, allegedly unlawful deductions, and any other wage payment or wage notice claims), claims for other unpaid compensation, bonuses, benefits, or business expenses, and related common law theories (such as claims for breach of contract, breach of promise, real or implied, fraud, misrepresentation and unjust enrichment) under the laws of any jurisdiction where a given Participating Class Member lived or worked during any portion of the Class Settlement Period.

1.35 "Released PAGA Claims" means all claims for civil penalties under PAGA against the Released Parties asserted in the Action and/or the LWDA letter (as amended) and/or that were asserted or could have been asserted in the Action based upon the facts set forth in the Action and/or the LWDA letter (as amended), including, but not limited to, claims for violations of the California Labor Code §§ 201, 202, 203, 210, 216, 221, 223, 225.5, 226, 226.2, 226.3, 226.7, 226.8, 246, 246.5, 432.5, 450, 510, 512, 558, 1174, 1194, 1194.2, 1194.5, 1197, 1197.1, 1198, 1199, and 2802 and the applicable Industrial Welfare Commission Wage Order.

1.36 "Released Parties" means all named Defendants in the Action and all of their affiliated parties and entities, including all past and present affiliates, parents, divisions, and subsidiaries, and each of their predecessors, successors, and assigns, and for all such entities each of their respective past and present owners, members, shareholders, insurers, benefit plans, plan administrators, counsel, directors, officers, employees, partners, members and representatives.

1.37 "Response Deadline" means forty-five (45) calendar days after the Settlement Administrator mails the Notice of Settlement to Class Members. It shall be the last date on which Class Members may: (a) postmark any Opt-Out Request from the class portion of the Settlement, (b) postmark any written objection to the Settlement, and (c) postmark any Eligible Workweek or Eligible Pay Period Dispute. The Response Deadline for Class Members to whom the Notice of Settlement is remailed after having been returned as undeliverable to the Settlement Administrator shall be fifty-five (55) calendar days after the Settlement Administrator's initial mailing of the Notice of Settlement to Class Members, or fourteen (14) calendar days after the re-mailing, whichever is later.

1.38 "Reserve Fund" means the sum of Two Hundred Thousand Dollars ($200,000.00), which shall be allocated from the Gross Settlement Amount and set aside during the 180-day cash checking period to make Individual Settlement Payments to Class Members, if any, who were not identified in the Class Data before the Effective Date.

1.39 "Residue" refers to the unclaimed funds in the Reserve Fund following the expiration of the 180-day check cashing period.

1.40 "Settlement Administration Costs" means the costs payable from the Gross Settlement Amount to the Settlement Administrator for administering this Settlement in accordance with the Settlement Administrator's responsibilities outlined in this Stipulation.

1.41 "Settlement Administrator" means CPT Group, who shall be responsible for the administration of the Settlement, including all tax reporting, distribution of any amounts owed under this Settlement, and matters necessarily related thereto, pursuant to the terms of this Settlement, and subject to appointment by the Court.

1.42 "Settlement Class" or "Class Members" means all current and former IBPs who contracted with either Defendant or one of their predecessors, subsidiaries, or affiliates for sales in sales areas in California or who were purchasing product in California or selling to customers in California at any time during the Class Settlement Period.

2. **RECITALS**

2.1 **Background and Procedural History**

2.1.1 On May 8, 2022, Plaintiffs Corona, Munoz and Ruiz submitted a notice letter to the LWDA under PAGA alleging violations of the California Labor Code on behalf of Defendants' Independent Business Partners.

2.1.2 On July 27, 2022, Plaintiffs Corona, Munoz and Ruiz filed a Class Action Complaint in San Diego County Superior Court alleging causes of action for (1) violation of California Labor Code §2802 (failure to reimburse business expenses); (2) violation of California Labor Code §§ 221-223 (unlawful deductions from wages); (3) violation of California Labor Code § 226 (failure to provide accurate wage statements) (4) violation of California Labor Code § 510 (failure to pay overtime); (5) violation of California Labor Code § 226.7 (failure to provide meal periods or rest breaks); (6) violation of California Business & Professions Code §§ 17200, et seq.; and (7) violation of California Labor Code § 2698, et seq. (PAGA).

2.1.3 On August 22, 2022, Defendants removed the Action to the Southern District of California.

2.1.4 On October 7, 2022, Defendants moved to compel individual arbitration and the Court denied that motion on September 13, 2023.

2.1.5 On September 28, 2023, Defendants appealed the order denying the arbitration motion and the Ninth Circuit affirmed on September 11, 2024.

2.1.6 On April 16, 2025, Plaintiffs submitted an amended notice letter to the LWDA under PAGA, to provide notice on behalf of Steven Snavely.

2.1.7 On May 2, 2025, Plaintiffs filed their First Amended Complaint, adding Steven Snavely as a Plaintiff.

2.1.8 On May 27, 2025, Defendants moved for summary judgment as to Plaintiffs Munoz, Ruiz, and Corona's claims and the Court denied that motion on October 15, 2025.

2.1.9 Following extensive formal discovery, the Parties mediated the Action on November 5, 2025 with experienced mediator Michael Russell, and after fully briefing Plaintiffs' Motion for Class Certification but prior to any Order from the Court, the Parties reached a settlement in principle on December 22, 2025.

2.1.10 The Parties executed a Memorandum of Understanding on January 14, 2026.

2.1.11 On January 23, 2026, as a condition of this settlement as set forth in the Memorandum of Understanding, Plaintiffs submitted a second amended notice letter to the LWDA under PAGA, to add a claim for PAGA penalties based on the alleged violation of California's sick leave requirements.

2.1.12 On January 26, 2026, as a condition of this settlement as set forth in the Memorandum of Understanding, Plaintiffs filed their Second Amended Complaint adding claims for violation of California Labor Code § 245-259 (failure to pay sick leave).

2.2 **Benefits of Settlement**

2.2.1 Based on their own independent investigations and evaluations, Class Counsel is of the opinion that the Settlement with Defendants for the consideration and terms set forth herein is fair, reasonable, and adequate in light of all known facts and circumstances, and is in the best interests of the Settlement Class. Class Counsel is also of the opinion that the total consideration and payment set forth in this Stipulation is adequate in light of the uncertainties surrounding the risk of further litigation, the possibility of losing class certification, any certified class later being decertified, the possibility that the PAGA claim could be deemed unmanageable, and the defenses that Defendants have asserted and/or could assert as to the substantive merits of the claims.

2.2.2 Class Counsel has weighed the monetary benefit under the Settlement to the Settlement Class against the expenses and length of continued proceedings that would be necessary to prosecute the Action against Defendants through class certification, manageability motions, summary judgment, trial and possible appeals. Class Counsel also took into account the uncertain outcome and risk of any litigation, especially in complex actions such as class and representative actions, as well as the difficulties and delay inherent in such litigation. As a result, Class Counsel has determined that the settlement set forth in this Stipulation is in the best interests of the Settlement Class.

2.2.3 Defendants and the Released Parties specifically and generally deny any and all liability or wrongdoing of any sort with regard to the claims alleged, make no concessions or admissions of liability of any sort, and contend that for any purpose other than Settlement, the Action is not appropriate for class or representative action treatment. Nonetheless, Defendants have concluded that further conduct of the Action would be protracted, distracting, and expensive, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendants also took into account the uncertainty and risks inherent in any litigation. Defendants have therefore determined that it is desirable and beneficial to it to settle the Action in the manner and upon the terms and conditions set forth in this Stipulation.

2.2.4 Neither this Stipulation, nor any document referred to in it, nor any actions taken pursuant to this Stipulation, is or should be construed as an admission by Defendants or any Released Parties of any fault, wrongdoing, or liability whatsoever. Nor should the Stipulation of Settlement be construed as an admission that Plaintiffs could meet any of the class action requirements, particularly given that a Court need not assess the manageability requirement of Federal Rule 23 for settlement purposes, or that any PAGA claim would be manageable. There has been no final determination by any court as to the merits of the claims asserted by Plaintiffs against Defendants, as to whether a class action should be certified, or that any PAGA claim is manageable.

3. SETTLEMENT TERMS

3.1 **Amendment of the Pleadings for Settlement.** In connection with approval of this Settlement, the Parties stipulated to the filing of a Second Amended Complaint that Plaintiffs filed on January 26, 2026. In the event that the Settlement is not approved or for whatever reason does not become effective, the Second Amended Complaint will be stricken and the First Amended Complaint will be the operative pleading.

3.2 **Conditional Class Certification.** The Parties stipulate, for settlement purposes only, to the certification by the Court of the Settlement Class.

If, for any reason, the Settlement is not approved, the stipulation to certification will be void. Should the Settlement not become final, for whatever reason, the fact that the Parties were willing to and/or did stipulate to class certification shall have no bearing on, and shall not be admissible in connection with and shall have no bearing on whether a class should be certified or not decertified or otherwise in a non-settlement context in the Action or a PAGA claim could be manageable in the Action or any other action.

3.3 **Gross Settlement Amount.** Defendants shall pay a non-reversionary amount of and not to exceed Seventeen Million Five Hundred Thousand Dollars and Zero Cents ($17,500,000.00) as the Gross Settlement Amount to resolve the Action on a class and representative basis. The Gross Settlement Amount shall be used to pay, as approved by the Court, Class Counsel's attorneys' fees and costs, Enhancement Awards, Settlement Administration Costs, the PAGA Payment to the LWDA and the PAGA Members, the Reserve Fund, all fees, expenses, and costs associated with providing the CAFA Notice, and the Individual Settlement Payments to the Participating Class Members.

3.4 **Modification of Gross Settlement Amount of Class Period.** There were approximately 290 Class members, including the named Plaintiffs, as of November 5, 2025. Defendants will update the final class list for the Settlement Administrator prior to preliminary approval, but the Gross Settlement Amount will remain unchanged assuming the numbers are not more than 5% greater than Defendants' approximate figures, otherwise the parties will confer in good faith on the potential for any adjustment to the Gross Settlement Amount or release period and will involve the mediator as necessary.

3.5 **Allocation of Gross Settlement Amount**

3.5.1 Class Representative Enhancement Awards: The Class Representatives' Enhancement Awards, which are in addition to the Class Representatives' Individual Settlement Payment from the Net Settlement Amount and Individual PAGA Payments, will, subject to Court approval, be paid out of the Gross Settlement Amount and will not exceed Sixty Thousand Dollars and Zero Cents ($60,000.00), representing Fifteen Thousand Dollars and Zero Cents ($15,000.00) each for Munoz, Ruiz, Corona, and Snavely, and will be consideration for their efforts in the Action and the full general release of all of their individual claims to the maximum extent allowable by law beyond the Released Class Claims and Released PAGA Claims. Any amount of the Class Representatives' Enhancement Awards that is not awarded by the Court shall be added to the Net Settlement Amount.

3.5.2 Attorneys' Fees and Costs: Class Counsel may apply to the Court for an award of reasonable attorneys' fees not to exceed one third of the Gross Settlement Amount, Five Million Eight Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents ($5,833,333.33), to be paid out of the Gross Settlement Amount. Class Counsel may apply to the Court for an award of reasonable costs incurred litigating this matter. Class Counsel shall submit a declaration to the Court detailing the fees and costs incurred and/or expected to be incurred in prosecuting the Action through final approval. Defendants reserve the right to challenge Class Counsel's requests for fees and costs. The Settlement Administrator shall issue IRS Forms 1099 to Class Counsel for the payments made pursuant to this section. Class Counsel shall be solely and legally responsible for paying any and all applicable taxes on the fees and costs award. Any amount of Class Counsel's requested fees and costs that is not awarded by the Court shall be added to the Net Settlement Amount. Neither Class Counsel nor any other attorneys acting for, or purporting to act for, the Settlement Class, Class Members, or Plaintiffs, may recover or seek to recover any amounts for fees, costs, or disbursements from the Defendants or the Released Parties in connection with this Settlement except as expressly provided herein.

3.5.3 Settlement Administrator Costs: The Settlement Administration Costs incurred by the Settlement Administrator as a result of the procedures and processes expressly required by this Stipulation shall be paid out of the Gross Settlement Amount and are estimated not to exceed Sixteen Thousand dollars ($16,000). Under no circumstances will Defendants be required to contribute additional funds, above and in addition to the Gross Settlement Amount, to cover any unexpected Settlement Administration Costs. The Settlement Administration Costs shall include: all costs of administering the Settlement, including all tax document preparation, custodial fees, and accounting fees incurred by the Settlement Administrator; all costs and fees associated with establishing and maintaining a Qualified Settlement Fund; all costs and fees associated with preparing, issuing and mailing the Notice of Settlement and other correspondence to Class Members; all costs and fees associated with communicating with Class Members, Class Counsel, and Defendants' Counsel; all costs and fees associated with computing, processing, reviewing, and paying the payments due under this Stipulation, and resolving disputed claims; tracking the execution of Arbitration Agreements; and issuing tax forms relating to payments made under the Settlement; all costs and fees associated with preparing any tax returns and any other filings required by any governmental taxing authority or agency; all costs and fees associated with preparing any other notices, reports, or filings to be prepared in the course of administering payments due under this Stipulation; and any other costs and fees incurred and/or charged by the Settlement Administrator in connection with the execution of its duties under this Stipulation. Any amount of Settlement

Administration Costs that is not awarded by the Court shall be added to the Net Settlement Amount.

3.5.4 Individual Settlement Payments to Participating Class Members: Each Participating Class Member will be entitled to receive an Individual Settlement Payment, which will be paid out of the Net Settlement Amount. The amount of each Individual Settlement Payment will consist of a minimum payment ("Minimum Payment") and a pro rata share of the settlement based on Eligible Workweeks ("Pro Rata Payment"). The Minimum Payment shall be calculated as fifteen percent (15%) of the Net Settlement Amount divided equally among all Participating Class Members. The Pro Rata Payment shall be calculated by taking the remaining eighty-five percent (85%) of the Net Settlement Amount and dividing it among the Participating Class Members on a pro rata basis based on the Eligible Workweeks each Participating Class Member contracted with Defendants during the Class Settlement Period, using the following formula: [(individual Participating Class Member's Eligible Workweeks ÷ all Participating Class Members' Eligible Workweeks) × Eighty-five percent (85%) of the Net Settlement Amount]. The Individual Settlement Payment calculations will not be adjusted if any Class Members omitted from the Class Data receive payment from the Reserve Fund pursuant to Section 4.11. There is no need for a Participating Class Member to submit a claim form to be eligible for and to receive an Individual Settlement Payment. Participating Class Members that are Current IBPs must execute the Arbitration Agreement within the Response Deadline for the Individual Settlement Payment to be released by the Settlement Administrator, unless Defendants in their discretion agree to extend the time for a Current IBP to execute the Arbitration Agreement. The Parties recognize that the Individual Settlement Payments to be paid to Participating Class Members reflect settlement of a dispute over claimed wages, interest, penalties, and other alleged damages.

3.5.5 <u>PAGA Payment</u>: A total amount of Three Hundred Fifty Thousand Dollars and Zero Cents ($350,000.00) from the Gross Settlement Amount will be allocated as the PAGA Payment to be paid in settlement of the claim for penalties under PAGA, seventy-five percent (75%) of this amount ($262,500) will be the LWDA PAGA Payment to paid to the LWDA and the remaining twenty-five (25%) of this amount ($87,500) shall be distributed to the PAGA Members as Individual PAGA Payments. Any portion of the PAGA Payment not approved by the Court shall be added to the Net Settlement Amount and any additional amount ordered by the Court shall be paid from the Gross Settlement Amount. The 25% of the PAGA Payment to be distributed to the PAGA Members as Individual PAGA Payments and shall be distributed based on a pro rata share based on the number of Eligible Pay Periods each PAGA Member contracted with the Released Parties during the PAGA Settlement Period, using the following formula: (individual PAGA Member's Eligible Pay Periods ÷ all PAGA Members' Eligible Pay Periods). The Individual PAGA Payment calculations will not be adjusted if any PAGA Members omitted from the Class Data receive payment from the Reserve Fund pursuant to Section 4.11.

3.5.6 <u>Reserve Fund</u>: The Settlement Administrator shall set aside Two Hundred Thousand Dollars and Zero Cents ($200,000.00) as a Reserve Fund to be held and not immediately payable to the Participating Class Members, and those funds shall be allocated to any individuals who the Parties agree were inadvertently excluded from the Class Data but otherwise qualify as Class Members.

3.6 **Taxation**

3.6.1 <u>Tax Treatment of Individual Settlement Payments</u>. All Individual Settlement Payments to Participating Class Members shall be allocated as 100% non-employee compensation and penalties, for which a 1099 will be issued if required by law. Participating Class Members will be responsible for paying all other taxes due on their Individual Settlement Payments. Other than as set forth above, the Settlement Administrator will not make any deductions, withholdings, or additional payments, including without limitation, medical or other insurance payments or premiums, employee 401(k) contributions or matching employer contributions, wage garnishments to the extent permitted by law, or charity withholdings, from or with respect to the Individual Settlement Payments, and entry of the Order of Final Approval by the Court shall be deemed authority not to make any such deductions, withholdings, or additional payments.

3.6.2 Tax Treatment of Individual PAGA Payments: All Individual PAGA Payments shall be allocated as 100% penalties, for which a 1099 will be issued if required by law. PAGA Members will be responsible for paying all taxes due on their Individual PAGA Payments. The Settlement Administrator will not make any deductions, withholdings, or additional payments, including without limitation, medical or other insurance payments or premiums, employee 401(k) contributions or matching employer contributions, wage garnishments to the extent permitted by law, or charity withholdings, from or with respect to the Individual PAGA Payments.

3.6.3 Circular 230 Disclaimer: Each Party to this Stipulation (for purposes of this section, the "acknowledging party" and each Party to this Stipulation other than the acknowledging party, an "other party") acknowledges and agrees that (1) no provision of this Stipulation, and no written communication or disclosure between or among the Parties or their attorneys and other advisers, is or was intended to be, nor shall 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 Stipulation, (b) has not entered into this Stipulation 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 Stipulation.

3.7 **Releases**

3.7.1 Class Representatives' Release. Upon the Effective Date, the Class Representatives shall be deemed to have fully, finally, and forever released the Released Parties from the Class Representatives' Released Claims and Released Class Claims. Even if the Class Representatives discover facts in addition to or different from those that the Class Representatives now know or believe to be true with respect to the subject matter of the above released claims, those claims will remain released and forever barred. Thus, the Class Representatives expressly waive and relinquish the provisions, rights and benefits of section 1542 of the California Civil Code, which reads:

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

Notwithstanding the foregoing, the Class Representatives do not waive or release any claim that cannot be waived or released by a court-approved private agreement. Further, nothing in this Stipulation shall prevent the Class Representatives from filing a charge or complaint with, or from participating in, an investigation or proceeding conducted by the SEC, OSHA, EEOC, CRD, NLRB or any other federal, state or local agency charged with the enforcement of any employment or other applicable laws. The Class Representatives, however, understand that by signing this Stipulation, they waive the right to recover any damages or to receive other relief in any claim or suit brought by or through the EEOC, the CRD or any other state or local deferral agency on their behalf to the fullest extent permitted by law, but expressly excluding any monetary award or other relief available from the SEC/OSHA, including an SEC/OSHA whistleblower award, or other awards or relief that may not lawfully be waived.

3.7.2 Participating Class Member Release. As of the Effective Date, all Participating Class Members fully and finally release the Released Parties from the Released Class Claims that arose during the Class Settlement Period.

3.7.3 PAGA Member Release. As of the Effective Date, Plaintiffs, as representatives of the State of California and on behalf of the LWDA and as representatives of the PAGA Members, fully and finally release the Released Parties from the Released PAGA Claims for the PAGA Settlement Period.

4. APPROVAL OF SETTLEMENT, NOTICE TO CLASS AND ADMINISTRATION

4.1 Preliminary Approval

4.1.1 Class Counsel shall submit to the Court this Stipulation of Settlement and exhibits thereto for preliminary approval by the Court. Class Counsel will prepare and file the motion for preliminary approval and supporting papers for the Court, subject to Defendants' prior review and comment. Plaintiffs will provide the motion for preliminary approval to Defendants for its review and comment at least seven (7) calendar days before filing.

4.1.2 Pursuant to California Labor Code § 2699(l), concurrently with the filing of the motion for preliminary approval, Plaintiffs will provide notice of the proposed Settlement to the LWDA.

4.1.3 Within ten (10) days of Plaintiffs' filing of the Motion for Preliminary Approval, Defendants will prepare and serve the CAFA Notice on the Attorney General of the United States, the Secretary of the Department of Labor, and the attorneys general of all states in which Class Members reside, as specified by 28 U.S.C. § 1715.

4.1.4 The Court's preliminary approval of this Settlement shall be embodied in an order certifying the Class for settlement purposes only, preliminarily approving the Settlement and providing for Notice of Settlement to be mailed to the Class Members in materially the same format attached hereto as Exhibit 2, and setting the date for the Final Approval Hearing. The Notice of Settlement shall advise Class Members of their options, which include filing an Opt-Out Request to the class settlement; filing an objection to the Settlement and receiving an Individual Settlement Payment and an Individual PAGA Payment (if applicable); or taking no action and receiving an Individual Settlement Payment and an Individual PAGA Payment (if applicable).

4.2 **Notice**

4.2.1 Delivery of Class Data: No later than fourteen (14) calendar days after the Preliminary Approval Date, Defendants shall provide the Class Data to the Settlement Administrator. The Settlement Administrator shall maintain the Class Data, and all data contained within the Class Data, as private and confidential and shall not disclose such data to any persons or entities, including Class Representatives or Class Counsel, unless otherwise required by law. The information in the Class Data is being supplied solely for purposes of the administration of the settlement and cannot be used by the Settlement Administrator or any agent or representative of the Settlement Administrator for any other purpose. Upon receipt of the Class Data, the Settlement Administrator shall check with the U.S. Postal Service National Change of Address Database and update any addresses for the Class Members.

4.2.2 Notice By First-Class Mail. Within fourteen (14) calendar days of the receipt of the Class Data, the Settlement Administrator will send via United States first class mail and email the Notice of Settlement to the Class Members and Court-approved Arbitration Agreements to the Class Members that are Current IBPs in both English and Spanish. If any Notice of Settlement is returned to the Settlement Administrator as undeliverable, the Settlement Administrator shall run a skip-trace using that Settlement Class Member's social security number within three (3) court days of receiving the undeliverable notice in an effort to attempt to ascertain the current address of the Settlement Class Member. If such an address(es) is ascertained, the Settlement Administrator shall re-mail the Notice of Settlement within three (3) court days of obtaining the skip-trace results. If alternative addresses are obtained for a Settlement Class Member, the Settlement Administrator shall send the Notice of Settlement to up to two (2) alternative addresses.

4.2.3 Settlement Administration Website. The Settlement Administrator will also create a website for the Settlement, which will allow Class Members to view the class notice (in generic form), this Stipulation, the Arbitration Agreements, and all papers filed by Class Counsel to obtain preliminary and final approval of the Settlement. Class Members that are Current IBPs may also electronically execute the Arbitration Agreement through the website. The Settlement Administrator will provide Class Counsel and Defendants' Counsel with a preview of the proposed website and the URL must be approved by Defendants before it is registered. Class Counsel and Defendants' Counsel must approve the website before it goes live and also must approve any modifications to the website. The Settlement Administrator shall create a toll-free telephone number to field telephone inquiries from Class Members during the notice and settlement administration periods. The Settlement Administrator will be directed to take the website and call center down after the one hundred and eighty (180) calendar days check cashing period.

4.3 **Opt-Out Requests**

4.3.1 Class Members, except for the Class Representatives, will have until the Response Deadline within which to opt out of the class portion of this Settlement; however, exercising this option has no effect on the PAGA portion of this settlement. PAGA Members will be mailed an Individual PAGA Payment and be bound by the release of the Released PAGA Claims regardless of whether they opt out of the class settlement. Class Members who want to opt out must timely submit a signed and dated written request to be excluded from the class portion of the Settlement to the Settlement Administrator ("Opt-Out Request"). The Opt-Out Request must be postmarked on or before the Response Deadline, include the case name and number, the Settlement Class Member's name, address, and last four of their social security number, must be signed by the Settlement Class Member, and must reasonably communicate the Settlement Class Member's election to be excluded from the class Settlement.

4.3.2 Class Members who do not timely submit an executed Opt-Out Request shall be deemed a Participating Class Member and bound by this Settlement including the Released Class Claims and Released PAGA Claims. Current IBPs who are Participating Class Members are bound by this Settlement even if they do not sign the Arbitration Agreement. Class Members who timely submit an executed Opt-Out Request will not be bound by the Released Class Claims and Released PAGA Claims and will not receive an Individual Settlement Payment. The Notice of Settlement shall advise Class Members of their ability to opt-out of the class portion of the Settlement and of the consequences thereof, and further inform them that they cannot opt out of the PAGA settlement. Neither the Parties nor any of their counsel will solicit any Class Member to submit an Opt-Out Request.

4.3.3 If a Class Member submits both an Opt-Out Request and an Objection within the Response Deadline, then the Opt-Out Request will be deemed valid and the Objection invalid and the individual will not be deemed a Participating Class Member.

4.4 **Objections.** Participating Class Members, except for the Class Representatives, may object to the Settlement in person at the Final Approval Hearing and/or in writing. Participating Class Members, except for the Class Representatives, will have until the Response Deadline to file a written objection to the Court. Only Class Members who have not filed an Opt-Out Request (i.e., Participating Class Members) may object to the Settlement. The written objection should be mailed or filed with the Court, include the case number and name of this case, state the Participating Class Member's name and address and describe the reason(s) why the Participating Class Member objects to the Settlement and include or attach any documents upon which the objection is based. The Parties and their counsel agree that they will not solicit, encourage, counsel or advise any individual to object to the Settlement.

4.5 **Eligible Workweek and Eligible Pay Period Disputes.** Participating Class Members and PAGA Members may dispute their Eligible Workweeks and Eligible Pay Periods if they believe they contracted for more Eligible Workweeks or Eligible Pay Periods in the Class Settlement Period or

PAGA Settlement Period than stated on their Notice of Settlement. Participating Class Members and PAGA Members may do this by submitting information to the Settlement Administrator in writing no later than the Response Deadline. The Settlement Administrator will jointly work with Class Counsel and Defendants' Counsel to resolve the dispute in good faith. If the Parties cannot agree on the Eligible Workweeks or Eligible Pay Periods to be credited to that Participating Class Member or PAGA Member, the Court shall make the final decision based on the information presented by the Class Member or the PAGA Member and the Parties.

4.6 **Certification Reports by the Settlement Administrator.** The Settlement Administrator will, on a weekly basis during and for a reasonable period following distribution of the Notice of Settlement, provide updates to Class Counsel and Defendants' Counsel as to the number of persons in the Settlement Class who submitted (i) valid Opt-Out Requests; (ii) written Objections, (iii) Eligible Workweeks or Eligible Pay Period disputes; and (iv) executed Arbitration Agreements. Copies of all Opt-Out Requests, Objections, and disputes shall be provided to the Parties' counsel within two (2) court days of receipt by the Settlement Administrator. To the extent practicable, the weekly updates shall also provide updated data on the extent of Notices of Settlement that are returned undeliverable and any re-mailing efforts. The Settlement Administrator will provide the Parties with a declaration setting forth the results of the settlement administration no later than five (5) court days after the end of the Opt-Out period. The Settlement Administrator will provide a draft declaration for review and comment prior to finalizing it.

4.7 **Nullification of Settlement.** Defendants shall have the sole right to void and withdraw from this Settlement if at any time prior to the Final Approval Date: (a) five percent (5%) or more of all Class Members submit timely and valid

Opt-Out Requests; or (b) the Settlement is construed in such a fashion that Defendants would be required to pay more than the Gross Settlement Amount; or (c) the Court does not certify the Settlement Class, or does not certify a class releasing all of the Released Class Claims defined in this Stipulation, or does not approve the PAGA settlement including the release of the Released PAGA Claims, or otherwise makes an order inconsistent with any of the material terms (as determined by Defendant) of this Settlement; or (d) any pending litigation or litigation filed prior to the Final Approval Date in any way prevents the Settlement from being preliminarily or finally approved by the Court; or (e) Plaintiffs or Class Counsel materially breach the Settlement.

4.8 Final Approval and Entry of Final Judgment

4.8.1 Prior to the Final Approval Hearing, Plaintiffs will move the Court for entry of an "Order of Final Approval" and associated entry of Judgment: (a) confirming certification of the Settlement Class for Settlement purposes only, (b) finding the Settlement fair, reasonable, adequate, and in the best interests of the Participating Class Members, (c) approving the PAGA Payment to the LWDA and the PAGA Members; (d) approving Class Counsel's application for an award of attorneys' fees and costs, (e) approving the Class Representative's application for an Enhancement Award, (f) approving the payment of reasonable Settlement Administration Costs, and (g) releasing and barring any further Released Class Claims during the Class Settlement Period by Participating Class Members and Released PAGA Claims during the PAGA Settlement Period by or on behalf of the PAGA Members. Plaintiffs will provide the motion for final approval to Defendants for their review and comment at least seven (7) calendar days before filing. The Parties and their respective counsel shall make all reasonable efforts to secure entry of the Order of Final Approval. The proposed Order of Final Approval and the associated proposed Judgment shall be filed with the Court with the motion for final approval, or as otherwise directed by the Court.

4.8.2 Class Representatives and Class Counsel shall be responsible for justifying the amount of the Enhancement Award, Individual Settlement Payment and Individual PAGA Payment formulas, and attorneys' fees and costs to the Court, and they agree to submit, as appropriate, the necessary materials to justify these payments. If the Court (or any appellate court) awards less than the amount requested for attorneys' fees and/or costs, or less than the amount requested for the Enhancement Award for the Class Representative, only the awarded amounts shall be paid and shall constitute satisfaction of the obligations of Defendants under this Stipulation.

4.8.3 If an appeal results in an order materially modifying, setting aside, or vacating any portion of the Stipulation, with the exception of any modification of the amount of attorneys' fees or costs to be paid to Class Counsel, or the amount of the Enhancement Award paid to the Class Representative, each party adversely impacted by the order shall have the right to treat such order as an event preventing Final Approval. To exercise this right, the party must inform the other party and the Settlement Administrator, in writing, of the exercise of this right, within ten (10) calendar days of receiving notice of any order modifying, setting aside, or vacating any portion of the Stipulation. Before any Party elects to exercise its right to treat such order as an event permanently preventing Final Approval, that Party must meet and confer in good faith with the other Party to determine if an agreement can be reached modifying this Settlement to the mutual satisfaction of the Parties.

4.8.4 If the Final Approval does not occur, or if this Stipulation is terminated or canceled pursuant to its terms, the Parties to this Stipulation shall be deemed to have reverted to their respective status as of the date and time immediately prior to the execution of this Stipulation. In such an event, if the Stipulation is not approved by the Court substantially in the form agreed to by the Parties, or if the Settlement set forth in the Stipulation is terminated, cancelled, declared void, or fails to become effective in accordance with its terms, or if the Judgment does not become a Final Judgment, or if the Final Approval Date does not occur, this Stipulation (except for those provisions relating to non-admission, denial of liability set forth herein, and the confidentiality agreements entered into by the Parties) shall be deemed null and void, its terms and provisions shall have no further force and effect and shall not be used in this Action or in any other proceeding for any purpose, and any Judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. Notwithstanding any other provision of this Stipulation, no order of the Court, or modification or reversal on appeal of any order of the Court, reducing the amount of any attorneys' fees or costs to be paid by Defendants to Class Counsel, or reducing the amount of the Enhancement Award paid to the Class Representative, shall constitute grounds for cancellation or termination of the Stipulation, or grounds for limiting any other provision of the Judgment.

4.9 **Funding and Distribution of the Settlement Proceeds**

4.9.1 Within twenty one (21) calendar days after the Effective Date or within seven (7) calendar days of the Settlement Administrator providing all information necessary for Defendants to transfer funds to the Qualified Settlement Fund, whichever is later, Defendants shall pay the Gross Settlement Amount into the Qualified Settlement Fund set up, held, and controlled by the Settlement Administrator.

4.9.2 Within fifteen (15) calendar days after Defendants fund the Qualified Settlement Fund, the Settlement Administrator shall issue Individual Settlement Payments to Participating Class Members except for Current IBPs who have not yet signed an Arbitration Agreement, Individual PAGA Payments to the PAGA Members, the LWDA PAGA Payment to the LWDA, the Court-approved attorneys' fees and costs to Class Counsel, and the court-approved Enhancement Award to the Class Representative.

4.9.3 The Settlement Administrator shall keep counsel for the Parties apprised of all distributions from the Qualified Settlement Account and upon completion of administration of that portion of the Settlement, the Settlement Administrator shall provide written certification, under penalty of perjury, of such completion to the Court and counsel for all Parties.

4.9.4 Upon completion of administration of the Settlement, the Settlement Administrator shall provide written certification, under penalty of perjury, of such completion to the Court, Class Counsel and Defendants' Counsel.

4.10 **Uncashed Checks.** After one hundred and eighty (180) calendar days of issuance, funds from undeposited Individual Settlement Payment and Individual PAGA Payment checks will be held by the Settlement Administrator. Even if a Participating Class Member or PAGA Member does not cash or deposit their or her settlement payment check(s) within one-hundred eighty (180) calendar days of issuance, the Stipulation of Settlement, including its release, will be binding on that Participating Class Member or PAGA Member. After the 180 days has expired, the Settlement Administrator shall void the uncashed settlement checks and the amount of the uncashed settlement payments shall be transmitted to the State of California, to be held and disposed of by the Controller in accordance with California's Unclaimed Property Law for the benefit of the Participating Class Members and PAGA Members who did not cash the settlement checks until such time that they claim their property.

4.11 **Reserve Fund Distribution.** If, after the mailing of the Individual Settlement Payments, but before expiration of the 180-day check cashing period, a current or former Independent Contractor of Defendants who was not identified in the Class Data provided to the Settlement Administrator, contacts the Parties, Class Counsel, Defendants' Counsel and/or the Settlement Administrator (or is otherwise identified by one of the Parties, Class Counsel, Defendants' Counsel and/or the Administration as a potential Class Member) with a claim or inquiry that they may be a Class Member and/or PAGA Member, then whomever receives this information shall immediately notify Counsel for the Parties and the Settlement Administrator, and provide the name, contact information, time period of contracting with Defendants (even if an estimate), and any other relevant documents or information that the potential Class Member shares and consents to being provided to the Settlement Administrator and Counsel. The Settlement Administrator shall then ascertain, in consultation with Class Counsel and Defendants' Counsel, whether the potential Class Member is in fact a Class Member and/or PAGA Member who may be entitled to an Individual Settlement Payment and/or Individual PAGA Payment. If the Settlement Administrator concludes that the individual is a Class Member and/or PAGA Member, the Settlement Administrator shall calculate an Individual Settlement Payment and Individual PAGA Payment (if any) for the newly identified Class Member and/or PAGA Member using the same formula for Participating Class Members and PAGA Members above, such that the additional Individual Settlement Payment and Individual PAGA Payment would be equal to what the payment would have been calculated to be had the Class Member(s) and their respective Eligible Workweeks and Eligible PAGA Pay Periods been identified before the Effective Date and the Class Member will have the opportunity to participate in this Settlement and by bound by it in exchange the Individual Settlement Payment and Individual PAGA Payment (if any), i.e., they will receive the same Minimum Payment as the Participating Class Members and the Pro Rata Payment will be calculated based on the same value per Eligible Workweek received by Participating Class Members. If the individual is a Current IBP, they will be required to sign the Arbitration Agreement in order to receive the Individual Settlement Payment, and have 180 days to cash the check, after which the Settlement Administrator dispose of the funds in accordance with California's Unclaimed Property Law. The payments under this section will be paid from the Reserve Fund. In both the determination of whether the newly identified individual is a Class Member or a PAGA Member as well as the calculation of any Individual Settlement Payment or Individual PAGA Payment, the Settlement Administrator shall consider Defendants' records and any records provided by the potential Class Member. To the extent there is uncertainty as to the dates and quantity of Eligible Workweeks or Eligible Pay Periods, the Settlement Administrator may also consider reasonable estimations from the individual. The Settlement Administrator's determinations shall be binding on the Parties. In the event there is money remaining in the Reserve Fund after expiration of the 180-day check cashing period, this shall be the Residue.

4.12 **Reserve Fund Residue.** If the Reserve Fund Residue exceeds $5,000, the Settlement Administrator will make a second pro rata distribution to Class Members. If the Residue does not exceed $5,000, it will be distributed to a *cy pres* Feeding San Diego.

5. **MISCELLANEOUS PROVISIONS**

5.1 **Arbitration Agreements.** The Settlement is contingent upon the Court approving individual arbitration agreements with class/collective waivers for all Participating Class Members who are Current IBPs as of the date of Preliminary Approval of the Settlement. The Settlement Administrator will distribute the Court-approved Arbitration Agreements as part of the notice process. The Arbitration Agreement shall be the current version used by the

Company, attached hereto as Exhibit 1, or materially similar to the same. Individual Settlement Payments to any Participating Class Members that are Current IBPs are contingent on their execution of the Arbitration Agreement. Current IBPs will have until the Response Deadline to execute the Arbitration Agreement, unless Defendants in their discretion agree to extend the time for certain Current IBPs to execute. If a Current IBP does not execute the Arbitration Agreement within the Response Deadline, then their Individual Settlement Payment will be distributed to a *cy pres* charity Feeding San Diego. Regardless of execution, the Arbitration Agreement shall be binding upon all of the Participating Class Members that are Current IBPs. The Distribution Agreements of all Participating Class Members that are Current IBPs shall be deemed amended to add the new agreement. The Settlement Administrator shall prepare a list of all the Current IBPs who have not signed the Arbitration Agreement after fifteen (15) and thirty (30) calendar days following the Response Deadline and distribute those lists to Class Counsel and Defendants' Counsel. The Settlement Administrator shall provide such IBPs with a final notice advising them to sign the Arbitration Agreement promptly or lose access to their Individual Settlement Payments. Class Counsel will make efforts to ensure signatures are obtained.

5.2 **Requests for International Judicial Relief.** Immediately upon filing the motion for preliminary approval and supporting papers for the Court, Plaintiffs' Counsel will take whatever steps necessary to effectuate the withdrawal of their requests for international judicial relief.

5.3 **This Settlement is Fair, Adequate and Reasonable**. The Parties believe this Settlement is a fair, adequate and reasonable settlement of the Action and have arrived at this Settlement in arms-length negotiations, taking into account all relevant factors, present and potential.

5.4 **Invalidity of Any Provision**. Before declaring any provision of this Stipulation invalid, the Court shall first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Stipulation valid and enforceable. Should the Court deem any clause or provision of this Stipulation be invalid, illegal, or unenforceable, it shall first attempt to modify or reform it as minimally necessary to be valid, lawful, and enforceable.

5.5 **No Admission.** Neither the acceptance nor the performance by Defendants of the terms of this Stipulation, nor any of the related negotiations or proceedings, is or shall be claimed to be, construed as, or deemed to be, an admission by Defendants or Released Parties of the truth of any of the allegations in the Complaint, the representative character of the Action, the validity of any of the claims that were or could have been asserted by Plaintiffs, Class Members and/or PAGA Members in the Action, or of any liability or guilt of Defendants or the Released Parties in the Action. Nothing in this Stipulation shall be construed to be or deemed an admission by Defendants or Released Parties of any liability, culpability, negligence, or wrongdoing toward Plaintiffs, the Class Members, or any other person, and Defendants and Released Parties specifically disclaim any liability, culpability, negligence, or wrongdoing toward Plaintiffs, the Class Members, PAGA Members and any other person. Defendants and Released Parties maintain, among other things, that they have complied with California, federal, and all other applicable laws, including classification of the Independent Business Partners. Each of the Parties has entered into this Stipulation with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and contingencies.

5.6 **Cooperation.** The Parties agree to cooperate fully with one another to accomplish and implement the terms of this Settlement. Such cooperation shall include, but not be limited to, execution of such other documents and the taking of such other action as may reasonably be necessary to fulfill the terms of this Settlement. The Parties to this Settlement shall exercise reasonable efforts, including all efforts contemplated by this Settlement and any other efforts that may become necessary by Court order, or otherwise, to effectuate this Settlement and the terms set forth herein.

5.7 **Privacy of Documents and Information.** Plaintiffs and Class Counsel agree that none of the documents and information provided to them by Defendants in connection with the Action and this Settlement shall be used for any purpose (including on any mailing lists or in any other litigation) other than this Settlement of the Action.

5.8 **Dismissal of Claims.** Upon the Court granting Final Approval, the claims of all Participating Class Members will be dismissed with prejudice in the judgement entered by the Court. The claims of those who timely opted out in compliance with the opt-out requirements of the class notice will be dismissed without prejudice.

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

To the Class Counsel:

Craig Nicholas
Alex Tomasevic
Shaun Markley
225 Broadway, 19th Floor
San Diego, California 92101

To Defendant:

Michael Puma
Sarah Zenewicz
Morgan, Lewis & Bockius LLP
600 Montgomery Street, Suite 2300

San Francisco, CA 94111-2725

5.10 **Drafting**. The Parties hereto agree that the terms and conditions of this Stipulation of Settlement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that this Stipulation shall not be construed in favor of or against any party by reason of the extent to which any party or its counsel participated in the drafting of this Stipulation.

5.11 **Publicity.** Neither Plaintiffs nor Plaintiffs' Counsel shall issue any press release or announcement of any kind related in any way to the Settlement to the media or on social media or websites. The Parties agree to include language in the Notice informing Class Members that Plaintiffs and their Counsel have agreed not to make unilateral statements to the press or publicize the Settlement on websites, by social media or otherwise. Plaintiffs and Plaintiffs' Counsel agree that, prior to filing a motion for preliminary approval of the Settlement, they will keep the terms of the Settlement confidential except for purposes of communicating with Plaintiffs only. From and after preliminary approval of the settlement, Plaintiffs and Plaintiffs' Counsel may: (1) as required by law, (2) as required under the terms of the Settlement, or (3) as required under counsel's duties and responsibilities as class counsel, communicate regarding the specific terms of the Settlement. In all other cases, Plaintiffs and Plaintiffs' Counsel agree to limit their statements regarding the terms of the Settlement, whether oral, written, or electronic (including the world wide web), to say that the Action has been resolved and that Plaintiffs and Plaintiffs' Counsel are satisfied with the settlement terms. Nothing in this Paragraph is intended to interfere with Plaintiffs' Counsel's duties and obligations to faithfully discharge their duties as class counsel, including, but not limited to, communicating with Class Members regarding the settlement, and nothing shall prohibit Plaintiffs' Counsel from referring to the settlement in adequacy of counsel declarations or related court filings.

5.12 **No Exclusion by Class Representatives.** The Class Representatives, by signing this Stipulation, are each bound by the terms herein and further agree not to request to be excluded from the Settlement and not to object to any terms of this Stipulation. Any such request for exclusion or objection shall therefore be void and of no force or effect. Defendants, Class Counsel, and the Class Representatives waive their rights to file an appeal, writ, or any challenge whatsoever to an Order of Final Approval or Judgment or to the terms of this Stipulation, and such waiver includes the right to appeal any award or reduction in the awards of attorneys' fees, costs or the Enhancement Award. However, either Party may appeal in the event an objector's objection is upheld by the trial court.

5.13 **Computation of Time.** If the prescribed time period in which to complete the required or permitted action expires on a Saturday, Sunday or federal holiday, such time period shall be continued to the following business day.

5.14 **Modification.** This Stipulation may not be changed, altered, or modified, except in writing signed by the Parties hereto and approved by the Court. This Stipulation may not be discharged except by performance in accordance with its terms or by a writing used by the Parties hereto.

5.15 **Binding on Successors.** This Stipulation shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors, and assigns.

5.16 **Execution in Counterparts.** This Stipulation shall become effective upon its execution by all of the undersigned. The Parties may execute this Stipulation in counterparts, and execution of counterparts shall have the same force and effect as if all Parties had signed the same instrument.

5.17 **Jurisdiction.** The Court shall retain jurisdiction with respect to the implementation and enforcement of the terms of the Stipulation, and all Parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation. Any action to enforce this Stipulation shall be commenced and maintained only in the Court.

5.18 **Headings.** Paragraph titles or captions contained in the Stipulation are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Stipulation, or any provision thereof.

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

AGREED AND UNDERSTOOD.

Dated: 3/24/2026, 2026

Tlaloc Munoz (Mar 24, 2026 15:43:17 PDT)

Tlaloc Munoz

Dated: ______________, 2026

Miguel Ruiz

Dated: ______________, 2026

Edgar Corona

Dated: ______________, 2026

Steven Snavely

Dated: ______________, 2026

BIMBO BAKERIES USA, INC.
EARTHGRAINS DISTRIBUTION, LLC

Matthew Wright
Assistant General Counsel

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Dated: ______________, 2026

____
Tlaloc Munoz

Dated: 3-30-2026, 2026

Miguel Ruiz (Mar 30, 2026 14:33:43 PDT)
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Miguel Ruiz

Dated: ______________, 2026

____
Edgar Corona

Dated: ______________, 2026

____
Steven Snavely

Dated: ______________, 2026

BIMBO BAKERIES USA, INC.
EARTHGRAINS DISTRIBUTION, LLC

____
Matthew Wright
Assistant General Counsel

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AGREED AND UNDERSTOOD.

Dated: ______________, 2026

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Tlaloc Munoz

Dated: ______________, 2026

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Miguel Ruiz

Dated: 03/28/2026, 2026

Edgar Corona (Mar 28, 2026 12:09:28 EDT)
____
Edgar Corona

Dated: ______________, 2026

____
Steven Snavely

Dated: ______________, 2026

BIMBO BAKERIES USA, INC.
EARTHGRAINS DISTRIBUTION, LLC

____
Matthew Wright
Assistant General Counsel

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AGREED AND UNDERSTOOD.

Dated: ______________, 2026

____
Tlaloc Munoz

Dated: ______________, 2026

____
Miguel Ruiz

Dated: ______________, 2026

____
Edgar Corona

Dated: 3-24, 2026

SLG
Steven Snavely (Mar 24, 2026 16:03:22 PDT)
Steven Snavely

Dated: ______________, 2026

BIMBO BAKERIES USA, INC.
EARTHGRAINS DISTRIBUTION, LLC

____
Matthew Wright
Assistant General Counsel

5.17 **Jurisdiction.** The Court shall retain jurisdiction with respect to the implementation and enforcement of the terms of the Stipulation, and all Parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation. Any action to enforce this Stipulation shall be commenced and maintained only in the Court.

5.18 **Headings.** Paragraph titles or captions contained in the Stipulation are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Stipulation, or any provision thereof.

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

AGREED AND UNDERSTOOD.

Dated: _____________, 2026

____
Tlaloc Munoz

Dated: _____________, 2026

____
Miguel Ruiz

Dated: _____________, 2026

____
Edgar Corona

Dated: _____________, 2026

____
Steven Snavely

Dated: April 21, 2026

BIMBO BAKERIES USA, INC.
EARTHGRAINS DISTRIBUTION, LLC

C H Pizer
____
Craig Pizer

APPROVED AS TO FORM AND AGREED AND UNDERSTOOD:

NICHOLAS & TOMASEVIC, LLP

Dated: March 30, 2026

By: ______________________________

Craig Nicholas
Alex Tomasevic
Shaun Markley

Counsel for Plaintiffs

EXHIBIT 1

BIMBO FOODS BAKERIES DISTRIBUTION, LLC

ARBITRATION AGREEMENT

THIS ARBITRATION AGREEMENT ("Agreement") is made effective <<Effective Date>> ("Effective Date"), by and between Bimbo Foods Bakeries Distribution, LLC, with its principal office at 5525 N. MacArthur Blvd, Suite 850, Irving, TX 75038, and with an email address of Contract.Notices@grupobimbo.com ("Bakery"), and <<Purchaser Address>>, conducting business at <<Purchaser City>>, <<Purchaser State>> <<Purchaser Zip>>, and with an email address of <<Purchaser Email>> ("Distributor").

NOW THEREFORE, in consideration for good and valuable consideration, including not only the mutual arbitration commitment of the parties to this Agreement but also as an express condition approved by a federal court for the substantial payment received in connection with the *Munoz, et al. v. Earthgrains Distribution LLC, et al.*, United States District Court for the Southern District of California Court Case No. 3:22-cv-01269-AJB-AHG class action, the receipt and sufficiency of which is hereby acknowledged, Distributor and Bakery mutually agree as follows:

I. DEFINITIONS. For all purposes of this Agreement and in addition to any additional terms defined herein, the following capitalized terms have the following meanings:

A. **Bakery Entity** means any and all of Bakery's affiliated parties and entities, all of its past and present affiliates, parents, divisions, and subsidiaries, and each of their predecessors, successors, and assigns, and for all such entities each of their respective past and present owners, members, shareholders, insurers, benefit plans, plan administrators, directors, officers, employees, partners, and representatives.

B. **Dispute** means any and all disagreements, controversies, claims, assertions of rights, assertions of violations, causes of action or other disputes in any way relating to, arising out of or in connection with this Agreement, the Distribution Agreement, or any aspect of the relationship of the parties and/or their affiliates, employees or representatives, of whatever nature or kind as further defined and categorized as a Covered Dispute or Excluded Dispute.

C. **Distribution Agreement** means the contract between the Distributor and Bakery or one of its predecessors, subsidiaries, or affiliates governing sales or sales areas or sales centers located in California.

D. **Guarantor** means a share or membership holder of Distributor that owns more than 50% of the ownership interest in Distributor in their personal/individual name; Guarantor also executed the Distributor's Distribution Agreement and personally guarantees all of Distributor's obligations under this Agreement as stated below.

II. BINDING MUTUAL ARBITRATION. If the parties are unable to resolve a Covered Dispute (defined below) through informal resolution, the party initiating the Covered Dispute must initiate mandatory **binding arbitration**, by filing a complaint on an individual basis with the

American Arbitration Association ("AAA"). The interpretation and enforcement of this Agreement, including as to the arbitrability of disputes, is governed by the Federal Arbitration Act (the "FAA"), including procedures such as staying any claims or action in court and enforcement of arbitration awards. To the extent the FAA is found to be inapplicable by a court or arbitrator, this arbitration agreement will be enforceable under applicable state law and governed by the procedural law relevant to arbitration agreements in the state in which the Covered Dispute arose. Notwithstanding the previous sentence, a court of competent jurisdiction may compel arbitration under the state law where the Covered Dispute arose if it is uncertain about the applicability of the FAA or unable to decide the FAA's applicability without discovery. This agreement to arbitrate applies with respect to all Covered Disputes, whether initiated by Distributor or Guarantor or Bakery or Bakery Entity.

III. COVERED DISPUTES. Except for the Excluded Disputes (defined below), "Covered Disputes" include any and all Disputes between Distributor or Guarantor on the one hand and Bakery and/or Bakery Entity on the other hand (including any counterclaims or third-party claims that may be asserted against Guarantor or Distributor) arising out of or in any way relating to this Agreement or the parties' relationship as governed by the applicable Distribution Agreement or the end of that relationship, including any claims or disputes relating to any assertion of any employment relationship between Distributor (and/or its employees, contractors, owners or representatives) and Bakery and/or any Bakery Entity; claims for breach of the Distribution Agreement or other contract between the parties; tort, defamation and other common law claims; wage and hour and/or wage payment claims, including any claims or disputes under the California Private Attorneys General Act ("PAGA") based on allegations that Distributor or Guarantor personally sustained wage and hour violations; claims related to intellectual property, trademarks or trade secrets; unfair competition claims; statutory discrimination, harassment, and retaliation claims; and claims arising under or relating to any federal, state or local constitution, statute or regulation, now or hereafter recognized. Covered Disputes include any dispute between Distributor or Guarantor and an employee, owner, Bakery Entity or other affiliate or alleged joint employer of Bakery arising out of services Distributor provides to Bakery, or Distributor's or Guarantor's relationship with Bakery, provided that such dispute relates to matters that are the subject of a Covered Dispute between Distributor or Guarantor and Bakery or Bakery Entity.

IV. EXCLUDED DISPUTES. The following disputes (collectively, "Excluded Disputes") are not subject to the mandatory dispute resolution process set forth in this Agreement: (i) applications for temporary or preliminary injunctive relief in aid of arbitration or for the maintenance of the status quo pending arbitration; (ii) claims for public injunctive relief; a court, not an arbitrator, shall decide whether a claim is for public or private injunctive relief, and any claims for private injunctive relief must be arbitrated on an individual basis; (iii) non-individual PAGA claims alleging Labor Code violations that an individual other than Distributor or Guarantor suffered, to the extent these PAGA claims cannot be waived under applicable law; (iv) claims for sexual harassment and/or sexual assault as defined by the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act (9 U.S.C. §§ 401, 402) if the claiming party elects to exclude such claims from arbitration under this Agreement; and (v) any claim that cannot be subject to mandatory arbitration under federal law or state law that is not preempted by the FAA. For the avoidance of doubt, claims against a party to this

Agreement are not Excluded Disputes merely by being labeled "third-party" claims. Nothing set forth herein waives either party's right to file a charge or complaint with or to cooperate with any federal, state, or local administrative agency; however, any Covered Dispute that is not resolved through the federal, state or local administrative agency proceeding must be submitted to arbitration in accordance with this Agreement, except where expressly precluded by a federal statute or regulation.

V. <u>CLASS AND COLLECTION ACTION WAIVER</u>. TO THE MAXIMUM EXTENT PERMITTED BY LAW, DISTRIBUTOR AND GUARANTOR AND BAKERY AND ANY BAKERY ENTITY AGREE ON ITS AND THEIR BEHALF AND ON BEHALF OF DISTRIBUTOR'S OWNERS TO WAIVE ANY RIGHT TO: (I) INITIATE OR MAINTAIN ANY COVERED DISPUTE ON A CLASS ACTION BASIS OR COLLECTIVE ACTION BASIS, EITHER IN COURT OR IN ARBITRATION, INCLUDING THE RIGHT TO A TRIAL BY JURY; (II) SERVE OR PARTICIPATE AS A REPRESENTATIVE OF ANY SUCH CLASS ACTION OR COLLECTIVE ACTION; (III) SERVE OR PARTICIPATE AS A MEMBER OF ANY SUCH CLASS ACTION OR COLLECTIVE ACTION; OR (IV) RECOVER ANY RELIEF FROM ANY SUCH CLASS ACTION OR COLLECTIVE ACTION. Distributor and Guarantor further agree that if it/they are included within any such class or collective action, it/they will take all steps necessary to opt-out of the action or refrain from opting in, as the case may be.

The parties hereto further agree that the arbitrator will have no power to adjudicate or award remedies including penalties for violations that a party to the arbitration did not personally experience, including, but not limited to, Excluded Disputes that are non-individual claims brought on behalf of other individuals pursuant to PAGA. The arbitrator has the power to award and must decide claims for penalties pursuant to PAGA for claimed violations the party personally experienced, and the arbitrator must decide disputes over whether the party personally experienced Labor Code violations, regardless of whether the party asserts an individual claim for penalties pursuant to PAGA.

The parties further agree that no arbitrator has authority to: (i) order, authorize, or permit any notice or information about an arbitration or any claims or defenses in an arbitration to be sent to any class or collective or representative group of persons other than the parties to the individual arbitration, provided that any party or the arbitrator may compel testimony of a witness or the production of documents, material or information (including information pertaining to potential witnesses) consistent with applicable arbitration rules or (ii) order or require either party to produce any kind of contact information for any class or collective or representative group of current or former distributors of Bakery or any Bakery Entity. The arbitrator only has authority to allow a Covered Dispute to be decided in arbitration on an individual basis.

Any issue concerning the validity or enforceability of the waiver in this Agreement, including the prohibition against class or collective action arbitration and the validity or enforceability of the prohibition against arbitration of non-individual PAGA claims, must be decided by a court of competent jurisdiction applying the FAA or applicable state law if the FAA is found not to apply, and no arbitrator has any authority to consider or decide any issue concerning the validity or enforceability of the waiver or the prohibition against arbitration of non-individual PAGA claims. Any other issue concerning arbitrability of a particular issue or claim pursuant to the arbitration agreement must be resolved by the arbitrator, not the court, including any issue related to whether a PAGA claim or dispute involves a Covered Dispute.

VI. SELECTION AND RULES. Except as specified below, Distributor, Guarantor, and Bakery agree that any arbitration of a Covered Dispute will be resolved by final and binding arbitration conducted pursuant to the FAA and under the auspices of the AAA and its Commercial Arbitration Rules ("AAA Commercial Arbitration Rules" available at www.adr.org, unless the AAA determines that the AAA Employment Rules should apply), or any successor rules, and will be conducted before a single arbitrator unless all parties to the arbitration agree otherwise in writing. Distributor, Guarantor, and Bakery agree that the arbitration will be held in or near the county in which Distributor operated under the Distribution Agreement, or in any other mutually agreed location. To the extent any of the terms, conditions or requirements of this Agreement conflict with the AAA Commercial or Employment Arbitration Rules or other applicable rules, the terms, conditions and requirements of this Agreement will govern. The arbitrator has the authority to resolve discovery disputes in a manner that allows the parties a fair opportunity to discover and present relevant and material evidence, notwithstanding any limitations on discovery set forth in the AAA Commercial Arbitration Rules. The arbitrator is required to issue a written award and opinion, and the award will be final and binding, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitration is subject to the same burdens of proof and statutes of limitations as if the Covered Dispute was being heard in federal district court, and the parties may file and the arbitrator must hear and decide any timely motion permitted by the Federal Rules of Civil Procedure, including without limitation motions to compel discovery, motions for protective orders, motions to dismiss, motions for summary judgment, and motions in limine. The parties shall maintain the confidential nature of the arbitration proceedings to the extent necessary based on a legitimate commercial need or privacy interest and all hearings shall be closed except to the arbitrator and AAA staff, the parties, their legal representatives, any allowed transcriber of the proceedings, and non-parties testifying as witnesses, unless the parties mutually agree to additional attendees. Nothing in this confidentiality provision shall prohibit the parties from communicating with their legal representatives or witnesses about the arbitration proceedings or engaging in protected activity. The parties shall maintain the confidential nature of the award, except as may be necessary in connection with a judicial challenge to an award or judicial action for its enforcement, or unless otherwise required by law. No arbitration award or decision will have any preclusive effect as to any issues or claims in any other dispute, arbitration, or court proceeding involving persons who were not parties to the arbitration and may not be cited or referenced by any party in any such arbitration or court proceeding unless the parties involved in the other arbitration or court proceeding were also parties of the original case. However, if Distributor or Guarantor pursues a PAGA claim, the arbitrator's award or decision can be presented to a court by either party as a determination of whether or not and if so to what extent Distributor or Guarantor sustained Labor Code violations, including to determine whether and if so to what extent Distributor or Guarantor has standing as an "aggrieved employee" under PAGA.

VII. REMEDIES. Subject to the parties' right to seek confirmation or vacatur of an award under applicable law, the parties acknowledge and agree that the decision of the arbitrator will be final and binding on the parties and that the arbitrator is authorized to award any party the full individual remedies that would be available to such party if the Covered Dispute had been filed in a court of competent jurisdiction, including actual and reasonable attorneys' fees and costs, if any. The parties acknowledge and agree that as part of a party's costs, it may recover expert fees incurred to the same extent as it could in court. Distributor and Guarantor acknowledge and agree that, subject to any applicable fee-shifting provisions, it is responsible for the filing fee required to institute arbitration with the AAA up to the amount of the filing fee it would have incurred had it filed such Covered Dispute(s) in federal district court. Bakery (or Bakery Entity, as the case may be) is responsible for all additional arbitration filing fees, forum fees, and other fees and costs assessed by the AAA including the arbitrator's fees, subject to the arbitrator's exercise of its authority if authorized under applicable law to award Bakery (or Bakery Entity, as the case may be) costs and fees as the prevailing party or under Rule 11 of the Federal Rules of Civil Procedure, which will apply to Covered Disputes. In all instances, Distributor or Guarantor is responsible to pay for its/their own attorneys' fees and costs, subject to any applicable fee-shifting provisions.

VIII. SEVERABILITY. Without limiting any general severability provision of this Agreement, the parties understand and agree that if a court or arbitrator invalidates or refuses to enforce any term or portion of a term set forth in this Agreement, the remainder of this Agreement (including all portions of terms that are found valid and enforceable) will not be affected by such invalidity or unenforceability but will remain in full force and effect, except that if any portion of the class or collective action waiver or the or the prohibition against arbitration of non-individual PAGA claims is found invalid or unenforceable, in no event may a court or arbitrator order arbitration on a class or collective basis or arbitration of non-individual PAGA claims. Instead, any such affected claim must be litigated in court.

IX. ENTIRE AGREEMENT. This Agreement supersedes any other agreements executed between the parties with respect to the mandatory dispute resolution process set forth in this Agreement. This Agreement, together with the Distribution Agreement and Schedules and any other agreements executed by the parties, constitute the entire agreement between the parties and supersedes all prior agreements, discussions, negotiations, understandings, representations, conditions, warranties and covenants between them with respect to this subject matter. No promises, inducements or representations regarding this Agreement have been made by any party other than those set forth in the written and signed agreements between the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

SIGNATURES:

BAKERY:

____

GUARANTOR ON BEHALF OF BOTH DISTRIBUTOR AND GUARANTOR INDIVIDUALLY:

____

***On Behalf of* <<Class Member Business Name>>**

EXHIBIT 2

NOTICE OF SETTLEMENT

To: Current and former Independent Business Partners ("IBPs") who contracted with either *Earthgrains Distribution LLC* or one of its predecessors, subsidiaries, or affiliates for sales in sales areas in California or who were purchasing product in California or selling to customers in California at any time between July 27, 2018 through and including February 28, 2026 (the "Class").

CLASS MEMBERS ARE ELIGIBLE TO RECEIVE PAYMENT FROM THE CLASS SETTLEMENT AND MAY ALSO BE ELIGIBLE TO RECEIVE PAYMENT FROM THE PAGA SETTLEMENT DESCRIBED IN THIS NOTICE.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
RECEIVE SETTLEMENT PAYMENT	If you are a former IBP as of February 28, 2026, you do not need to do anything to receive a settlement payment. If you are a current IBP as of February 28, 2026, you must execute an Arbitration Agreement to receive a settlement payment. Your payment will be mailed to you, automatically, after the Court grants final approval of the settlement and subject to execution of that Agreement. *You must keep a current address on file with the Settlement Administrator to ensure receipt of your check*.
CHANGE CONTACT AND ADDRESS INFORMATION	Update your address with the Administrator to ensure your check is sent to the correct address.
EXCLUDE YOURSELF FROM THE CLASS SETTLEMENT	If you do not want to participate in the class settlement, you may exclude yourself ("opt out") of the class portion of the settlement. If you exclude yourself from the class settlement, then you will not receive any payment from the Net Settlement Amount (defined below). However, if you are a PAGA Member (defined below), even if you exclude yourself from the class settlement, you will still receive a portion of the PAGA settlement and will be bound by the release of PAGA claims.
OBJECT IN WRITING OR AT THE HEARING	Write to the Court if you think the settlement is not fair and then appear at the Final Approval hearing to speak to the Court about why you think the settlement is not fair.

- **YOUR RIGHTS AND OPTIONS – AND THE DEADLINES TO EXERCISE THEM – ARE EXPLAINED IN THIS NOTICE.**

- **DEFENDANTS WILL NOT RETALIATE IN ANY MANNER AGAINST ANY CLASS MEMBER FOR PARTICIPATING OR NOT PARTICIPATING IN THIS SETTLEMENT.**

BACKGROUND ON THE LAWSUIT

1. <u>What is this Class and PAGA Lawsuit and Settlement about</u>?

On July 27, 2022, Plaintiffs Corona, Munoz and Ruiz initiated this "Action" by filing a Class Action Complaint in San Diego County Superior Court, which Defendants Bimbo Bakeries USA, Inc. and Earthgrains Distribution, LLC subsequently removed to the United States District Court for the Southern District of California. Plaintiffs Corona, Munoz, and Ruiz later filed their First Amended Complaint, adding Steven Snavely as a Plaintiff (together, "Plaintiffs"). In the operative Second Amended Complaint, Plaintiffs allege causes of action for (1) violation of California Labor Code §2802 (failure to reimburse business expenses); (2) violation of California Labor Code §§ 221-223 (unlawful deductions from wages); (3) violation of California Labor Code § 226 (failure to provide accurate wage statements) (4) violation of California Labor Code § 510 (failure to pay overtime); (5) violation of California Labor Code § 226.7 (failure to provide meal periods or rest breaks); (6) violation of California Labor Code § 201-203 (failure to pay wages due upon termination); (7) violation of California Labor Code § 245-259 (failure to pay sick leave wages); (8) violation of California Business & Professions Code §§ 17200, et seq. (violation of unfair competition law); (9) violation of California Labor Code § 2698, et seq. (PAGA). Plaintiffs seek to represent current and former Independent Business Partners ("IBPs") who contracted with either Earthgrains Distribution LLC or one of its predecessors, subsidiaries, or affiliates for sales in sales areas in California or who were purchasing product in California or selling to customers in California at any time between July 27, 2018 and February 28, 2026.

Defendants deny all allegations in the Action and contend that they fully complied with federal, state and local wage and hour laws. The settlement is not an admission of any wrongdoing by Defendants or others released by the settlement or an indication that any law was violated or that this case was suitable for class or representative treatment. Through arms-length negotiations with an experienced wage and hour mediator, the Parties reached a class and PAGA settlement subject to Court approval, which is summarized in this Notice.

Additional documents and information can be found at the settlement website: [DOMAIN NAME].

2. <u>Why did I get this notice</u>?

You received this Notice because records identify you as a Class Member who contracted with Earthgrains Distribution LLC or one of its predecessors, subsidiaries, or affiliates at any time during the period from July 27, 2018, through and including February 28, 2026 (the "Class Settlement Period"). The settlement will resolve Class Members' claims, summarized above, during the Class Settlement Period. The Settlement will also resolve claims for civil penalties under the PAGA. You may also be a "PAGA Member" if you contracted with Earthgrains Distribution LLC or one of its predecessors, subsidiaries, or affiliates during the period from May 18, 2021, through February 28, 2026 (the "PAGA Settlement Period").

The purpose of this notice is to explain the lawsuit, the pending Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Southern District of California, and the case is known as *Munoz, et al. v. Earthgrains Distribution LLC, et al.,* Case No. 3:22-cv-01269-AJB-AHG. The Court held a hearing on ____________, 2026, and District Judge Anthony J. Battaglia preliminarily approved this Settlement and directed that you receive this Notice. The Court will hold a Final Approval hearing concerning the Settlement on ___________, 202_ at _______, in the Edward J. Schwartz United States Courthouse, Courtroom 4A, 221 West Broadway San Diego, CA 92101. The Final Approval Hearing may be continued to another date without further notice.

3. Why is there a settlement?

The settlement resolves disputed claims between the Plaintiffs and Defendants. The Court has not decided in favor of Plaintiffs or Defendants or made any decision as to whether this case could proceed on a class or representative basis. There was no trial. Defendants are not admitting any fault through the settlement of the Lawsuit.

4. Who are the Attorneys for the Class and the PAGA Members?

The Court has appointed Class Counsel to represent the Class and the PAGA Members in connection with this Settlement:

Craig Nicholas
Alex Tomasevic
Shaun Markley
225 Broadway, 19th Floor
San Diego, California 92101
Telephone: (619)325-0492
cnicholas@nicholaslaw.org
atomasevic@nicholaslaw.com
smarkley@nicholaslaw.com

THE TERMS OF THE SETTLEMENT

5. What is the Settlement Amount?

The proposed Settlement provides for a maximum payment of Seventeen Million Five Hundred Thousand Dollars and Zero Cents ($17,500,000.00) (referred to as the "Gross Settlement Amount"). In addition to paying your Individual Settlement Payment (discussed below), this amount will pay for several other things related to this Lawsuit. From the Gross Settlement Amount, Class Counsel will apply to the Court for: attorneys' fees of up to one third of the Gross Settlement Amount, or Five Million Eight Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents ($5,833,333.33) and up to Forty Five Thousand Dollars and Zero Cents ($45,000.00) in recoverable costs incurred in this Action; Class Representative Enhancement Award of Sixty Thousand Dollars and Zero Cents ($60,000.00), representing Fifteen Thousand Dollars and Zero Cents ($15,000.00) each to Plaintiffs Munoz, Ruiz, Corona, and Snavely for their work and efforts prosecuting this case, for undertaking the risks of payment of costs (in the event of an unsuccessful outcome of this Action) and for signing a general release of any claims they may have against Defendants; a Three Hundred Fifty Thousand Dollars and Zero Cents ($350,000.00) payment as settlement for claims for civil penalties under PAGA (the "PAGA Payment"), of which 75% will go to the California Labor Workforce Development Agency ("LWDA") and 25% will be divided among the PAGA Members as described below; a Two Hundred Thousand Dollars ($200,000.00) Reserve Fund to make Individual Settlement Payments to Class Members, if any, who were not identified in the Class Data before the Effective Date through the 180-day cash checking period; .and Settlement Administration Costs to [Settlement Administrator] estimated at Sixteen Thousand Dollars ($16,000.00). The exact amount of the attorneys' fees, litigation costs, Class Representative Enhancement Award, and Settlement Administration Costs will be determined by the Court at the Final Approval hearing.

6. How will the Individual Settlement Payments to Participating Class Members be calculated?

Participating Class Members will receive Individual Settlement Payments from the Net Settlement Amount. **A claim form is not required to become a Participating Class Member, but current IBPs are required to execute an Arbitration Agreement in order to receive an Individual Settlement Payment.** You can sign the Arbitration Agreement on the settlement website available at: [DOMAIN]. Class Members who opt out of the class settlement will not become Participating Class Members and will not receive Individual Settlement Payments and will not be bound by the class portion of this Settlement.

Each Participating Class Member's Individual Settlement Payment will consist of a minimum payment ("Minimum Payment") and a pro rata share of the Net Settlement Amount based on the number of workweeks that each Participating Class Member contracted with Earthgrains Distribution LLC or one of its predecessors, subsidiaries, or affiliates during the Class Settlement Period (July 27, 2018, through and including February 28, 2026) ("Eligible Workweeks") as a proportion of all Eligible Workweeks for all Participating Class Members ("Pro Rata Payment"). The Minimum Payment shall be calculated as fifteen percent (15%) of the Net Settlement Amount divided equally among all Participating Class Members. The Pro Rata Payment shall be calculated by taking the remaining eighty-five percent (85%) of the Net Settlement Amount and dividing it among the Participating Class Members on a pro rata basis based on the Eligible Workweeks each Participating Class Member contracted with Defendants during the Class Settlement Period, using the following formula: [(individual Participating Class Member's Eligible Workweeks ÷ all Participating Class Members' Eligible Workweeks) × Eight-Five percent (85%) of the Net Settlement Amount].

All Individual Settlement Payments to Participating Class Members shall be allocated as 100% of each Individual Settlement Payment shall constitute non-employee compensation and penalties, for which a 1099 will be issued if required by law. Participating Class Members will be responsible for correctly characterizing the Individual Settlement Payment for tax purposes and paying taxes due, if any.

Your total estimated Eligible Workweeks is ______________. Based on that, your anticipated approximate Individual Settlement Payment is ______________, provided you sign the arbitration if applicable and do not opt-out.

7. <u>How will the PAGA Payment be allocated to the LWDA and PAGA Members?</u>

The Parties will ask the Court to approve the Three Hundred Fifty Thousand Dollars and Zero Cents ($350,000.00) PAGA Payment in settlement of claims for civil penalties under PAGA. As required under PAGA, 75% of the PAGA Payment, or $262,500, will be paid to the LWDA. The remaining 25% of the PAGA Payment, or $87,500, will be distributed to the PAGA Members as Individual PAGA Payments.

Not all Class Members are PAGA Members who are entitled to an Individual PAGA Payment. If you are a PAGA Member, you are entitled to receive an Individual PAGA Payment; no claim form is required. Because PAGA Members cannot opt out of the PAGA settlement, if you are a PAGA Member and you opt out of the class settlement, you will still receive an Individual PAGA Payment and be bound by the PAGA settlement.

Each PAGA Member's Individual PAGA Payment will be a pro rata share of the 25% of the PAGA Payment to be distributed to PAGA Members. It will be based on the number of pay periods that each PAGA Member contracted with Earthgrains Distribution LLC or one of its predecessors, subsidiaries, or affiliates during the PAGA Period (May 18, 2021, through February 28, 2026) ("Eligible Pay Periods") as a proportion of all Eligible Pay Periods for all PAGA Members. For tax purposes, 100% of the Individual PAGA Payments will be allocated as penalties for which an IRS Form 1099, if required by law.

Your total estimated Eligible Pay Periods is ______________. Based on that, your anticipated approximate Individual PAGA Payment is ______________.

HOW TO GET A PAYMENT

8. How can I get a settlement payment?

If you are a former IBP as of February 28, 2026, and do nothing, you will automatically receive your Individual Settlement Payment and Individual PAGA Payment (if any) after the Court approves the Settlement at a Final Approval Hearing. You must notify the Settlement Administrator of any change in your name, mailing address and/or telephone number if the information shown on this is not correct. **It is your responsibility to keep the Settlement Administrator informed of any change in your address. Settlement payments will be mailed to the last known address the Settlement Administrator has on file for you.** You can contact the Settlement Administrator by U.S. Mail, email or phone at ________ if you need to update contact information.

If you are a Current IBP as of February 28, 2026, you **must execute the Arbitration Agreement** within (45) calendar days after the Settlement Administrator mails this Notice of Settlement in order to receive your Individual Settlement Payment**. If you do not timely execute the Arbitration Agreement, then your Individual Settlement Payment will be distributed to a *cy pres* charity of Defendants' choice that addresses food insecurity in Southern California.** You will receive the Individual PAGA Payment and will be bound by the class settlement release regardless of whether you execute the Arbitration Agreement. You must notify the Settlement Administrator of any change in your name, mailing address and/or telephone number if the information shown on this is not correct. **It is your responsibility to keep the Settlement Administrator informed of any change in your address. Settlement payments will be mailed to the last known address the Settlement Administrator has on file for you.** You can contact the Settlement Administrator by U.S. Mail, email or phone at ________ if you need to update contact information.

In the event there is money remaining in the Reserve Fund after expiration of the 180-day check cashing period, and if it exceeds $5,000, the Settlement Administrator will make a second pro rata distribution to Class Members. If the money remaining in the Reserve Fund does not exceed $5,000, no second distribution will be made and the Settlement Administrator will instead distribute the money to a *cy pres* charity of Defendants' choice that addresses food insecurity in Southern California.

9. What do I do if I believe my Eligible Workweeks or Eligible Pay Periods are incorrect?

If you believe the Eligible Workweeks and Eligible Pay Periods above are not correct, you may send a letter to the Settlement Administrator indicating what you believe to be the correct information. Your letter must be postmarked on or before ______________, 2026 [*45 calendar days within mailing of Notice*]. You should include any documents or other information which supports what you believe support that you worked a different number of Eligible Workweeks or Eligible Pay Periods.

Settlement checks should be cashed promptly upon receipt. Proceeds of checks which remain uncashed after 180 days from the date of issuance will be forwarded to the State of California Unclaimed Property Fund in the name of each Participating Class Member and/or PAGA Member who did not cash his or her settlement check. **If your settlement check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.**

WHAT HAPPENS IF THE COURT APPROVES THE SETTLEMENT

10. What am I giving up to get an Individual Settlement Payment?

If the Court approves this Settlement, and unless you exclude yourself, you will become a Participating Class Member, and that means that you cannot sue, continue to sue, or be a part of any other lawsuit against Defendants or other Released Parties concerning the legal claims being resolved in this Settlement. Specifically, you will be giving up or "releasing" the claims described below:

Released Parties: Means all named Defendants in the Action and all of their affiliated parties and entities, including all past and present affiliates, parents, divisions, and subsidiaries, and each of their predecessors, successors, and assigns, and for all such entities each of their respective past and present owners, members, shareholders, insurers, benefit plans, plan administrators, counsel, directors, officers, employees, partners, members and representatives.

Released Class Claims: As of the Effective Date, all Participating Class Members fully and finally release the Released Parties from the Released Class Claims that arose during the Class Settlement Period. The "Released Class Claims" means all federal, state and local law claims, rights, demands, liabilities, penalties and causes of action asserted against the Released Parties in the Action and/or that could have been asserted in the Action based upon the facts set forth in the Action and/or the LWDA letters (as amended), including, but not limited to, causes of action for or based on: (1) failure to reimburse business expenses (Lab. Code, § 2802); (2) unlawful deductions from wages (Lab. Code §§ 221-223); (3) failure to provide accurate wage statements (Lab. Code § 226); (4) failure to pay overtime (Lab. Code § 510); (5) failure to provide meal breaks (Lab. Code § 226.7); (6) failure to provide rest breaks (Lab. Code § 510); (7) waiting time penalties (Lab. Code §§ 201-203); (8) failure to pay sick leave (Lab. Code § 246 et seq.); and (9) unfair business practices (Bus. Prof. Code § 17200 et seq.) based on the same alleged Labor Code violations; as well as all claims under the Fair Labor Standards Act ("FLSA") and all state or local wage and hour and wage payment/notice laws (such as claims for overtime, straight-time wages, minimum wage, meal and rest breaks, wage statements, wage notices or statements, expense reimbursement, allegedly unlawful deductions, and any other wage payment or wage notice claims), claims for other unpaid compensation, bonuses, benefits, or business expenses, and related common law theories (such as claims for breach of contract, breach of promise, real or implied, fraud, misrepresentation and unjust enrichment) under the laws of any jurisdiction where a given Participating Class Member lived or worked during any portion of the Class Settlement Period.

11. What PAGA Claims are released by this Settlement?

If the Court approves this Settlement, the PAGA Members cannot sue, continue to sue, or be a part of any other lawsuit against Defendants or Released Parties concerning the PAGA claims resolved by this lawsuit based on the following release.

Released PAGA Claims: As of the date of the Effective Date, Plaintiff, as representative of the State of California and on behalf of the LWDA and as representative of the PAGA Members, fully and finally releases the Released Parties from the Released PAGA Claims for the PAGA Settlement Period. The "Released PAGA Claims" means all claims for civil penalties under PAGA against the Released Parties asserted in the Action and/or the LWDA letter (as amended) and/or that were asserted or could have been asserted in the Action based upon the facts set forth in the Action and/or the LWDA letter (as amended), including, but not limited to, claims for violations of the California Labor Code §§ 201, 202, 203, 210, 216, 221, 223, 225.5, 226, 226.2, 226.3, 226.7, 226.8, 246, 246.5, 432.5, 450, 510, 512, 558, 1174, 1194, 1194.2, 1194.5, 1197, 1197.1, 1198, 1199, and 2802 and the applicable Industrial Welfare Commission Wage Order.

EXCLUDING YOURSELF FROM THE CLASS SETTLEMENT

12. How do I exclude myself ("opt out") of the class settlement?

If you wish not to participate in the class settlement for whatever reason, you should exclude yourself from the class settlement (that is, "opt out" of the class portion of the Settlement). However, you cannot opt out of the

PAGA portion of the settlement. Those who opt out of this Settlement and who are also PAGA Members will still be bound by the release of PAGA in this Settlement and will receive an Individual PAGA Payment.

To opt out of the class portion of the Settlement and the Released Class Claims, you must provide a signed and dated letter to the Settlement Administrator requesting to be excluded. The letter must include the case name and number, your name, address, and last four of your social security number, must be signed by you, and must reasonably communicate your election to be excluded from the class Settlement. The letter must be postmarked and mailed to the Settlement Administrator at the following address (or in the enclosed envelope) on or before ____________, 2026 [*45 calendar days within mailing of Notice*] Opt-out requests postmarked after the deadline will be invalid.

[Settlement Admin address]

13. **If I don't exclude myself from the class settlement, can I sue Defendants for the same thing?**

No. Unless you exclude yourself, you give up any right to sue the Released Parties for the Released Class Claims. If you have a claim or lawsuit already filed against Defendants or any of the Released Parties, you should speak to your lawyer in that case immediately.

You cannot exclude yourself from the PAGA portion of the Settlement and you cannot sue the Released Parties for the Released PAGA Claims later if this Settlement is approved.

OBJECTING TO THE SETTLEMENT

14. **How do I tell the Court that I do not agree with the Settlement or believe it is not fair?**

You can ask the Court to deny approval by filing an objection. You can't ask the Court to order a different settlement; the Court can only approve or reject the settlement. If the Court denies approval, no settlement payments will be sent out, and the lawsuit will continue. If that is what you want to happen, you should object. Even if you object, if the Court approves the Settlement, then you will still receive the Individual Settlement Payments and be bound by the releases in this Settlement unless you opt-out of the Class Settlement.

If you submit a timely written objection, you may, but are not required to, appear at the Final Approval Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for hiring and paying that attorney. All written objections and supporting papers must (a) clearly identify the case name and number (*Munoz, et al. v. Earthgrains Distribution LLC, et al.,* Case No. 3:22-cv-01269-AJB-AHG), (b) be mailed to the Settlement administrator at _________________, and (c) be postmarked on or before [*45 calendar days within mailing of Notice*]." The written objection should also describe all legal and factual reasons that you object to the terms of the settlement. You should also include or attach any documents upon which your objection is based.

THE FINAL APPROVAL HEARING WITH THE COURT

15. **When and where will the Court decide whether to grant final approve the settlement?**

The Court will hold a Final Approval hearing concerning the Settlement on ____________, 202_ at ________, in the Edward J. Schwartz United States Courthouse, Courtroom 4A, 221 West Broadway San Diego, CA 92101. At this hearing the Court will determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court will also be asked to approve Class Counsel's request for attorneys' fees and costs, the Class Representative's Enhancement Award, and the Settlement Administrator's fees and expenses.

The Court may reschedule the Final Approval hearing without further notice to Class Members. You should check the Southern District of California's website (https://www.casd.uscourts.gov/) or you can contact Class Counsel to verify the date and time of the Final Approval hearing.

16. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Judge may have. But you are welcome to come at your own expense. If you timely submit a written objection, you don't have to come to Court to talk about it. You may also hire and pay your own lawyer to attend if you so desire.

GETTING MORE INFORMATION

17. Whom may I contact if I have questions about the settlement?

You may contact Class Counsel at the contact information listed above in Paragraph 4 if you have any questions about the Settlement. The Settlement Agreement and other settlement documents are available at no charge on the Settlement website at ________________. You may also contact the court-appointed Settlement Administrator at:

[Settlement Administrator]
[Address]
[Address Line 2]
[Phone Number]
[Email Address]

This notice summarizes the proposed settlement. For the precise terms and conditions of the Settlement, please see the Settlement Agreement available by contacting Class Counsel, by accessing the Court docket in this case, for a fee, through the Court's Public Access to Court Electronic Records (PACER) system at https://ecf.cand.uscourts.gov, or by visiting the office of the Clerk of the Court for the United States District Court for the Southern District of California, Office of the Clerk, 333 West Broadway, Suite 420 San Diego, CA 92101, between 8:30 a.m. and 4:30 p.m., Monday through Friday, excluding Court holidays.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT.