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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

IN RE THE HONEST CO., INC.
SECURITIES LITIGATION

Case No. 2:21-cv-07405-MCS-AS

**ORDER RE: MOTION FOR
PRELIMINARY APPROVAL OF
CLASS ACTION SETTLEMENT
(ECF NO. 304)**

1 Lead Plaintiff and Class Representative Kathie Ng, on behalf of herself and all
2 members of the certified class, moves for preliminary approval of a class action
3 settlement. (Mot., ECF No. 304-1.) The motion is unopposed. (Indiv. and Honest Defs.’
4 Non-Opp’n, ECF No. 306; Catterton Defs.’ Non-Opp’n, ECF No. 307; Underwriter
5 Defs.’ Non-Opp’n, ECF No. 308.)¹ The Court held a hearing on April 14, 2025. (Mins.,
6 ECF No. 310.) For the reasons explained below, the Court GRANTS the motion.

7
8 **I. BACKGROUND**

9 This is a securities class action stemming from allegedly misleading statements
10 contained in the Honest Company’s (“Honest”) May 2021 initial public offering
11 (“IPO”). (Mot. 2; *see* 2d Am. Consol. Compl. (“2AC”) ¶¶ 4–8, ECF No. 185; *see also*
12 MTD Order 2–3, ECF No. 71 (providing a detailed summary of the allegations and
13 claims).) The Court appointed Kathie Ng as Lead Plaintiff and approved her selection
14 of Labaton Sucharow LLP (now known as Labaton Keller Sucharow LLP) as Lead
15 Counsel, and consolidated related actions. (*See* Order Appointing Lead Pl., ECF No.
16 47.) The Court certified a class defined as:

17 All persons and entities that purchased or otherwise acquired
18 Honest’s publicly traded common stock pursuant and
19 traceable to the Offering Documents for Honest’s Initial
20 Public Offering prior to August 19, 2021, as well as all
21 persons and entities that acquired ownership of a trading
22 account, retirement account, or any other similar investment
23 account or portfolio containing Honest’s publicly traded
24 common stock that was purchased or otherwise acquired
25 pursuant and traceable to the Offering Documents for

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¹ The Court groups Defendants as Class Representative does in her brief. (Mot. 1 nn.2–4.)

1 Honest’s Initial Public Offering prior to August 19, 2021, and
2 were damaged thereby,
3 (the “Class”), with appropriate exclusions. (Class Cert. Order 16–17, ECF No. 127.)
4 The Court appointed Ng as Class Representative and Labaton as Class Counsel. (*Id.* at
5 17.)

6 The parties reached an agreement on a classwide settlement. In exchange for a
7 release of the class members’ claims, the Honest Defendants, on behalf of the Honest
8 Defendants and Underwriter Defendants, agreed to pay \$20 million into an interest-
9 bearing escrow account, and the Catterton Defendants agreed to pay \$7.5 million into
10 an interest-bearing escrow account, from which proceeds will be distributed to class
11 members who submit valid claim forms. (Mot. 6–7; *see* Fatale Decl. Ex. 1 (“Stip.”),
12 ECF No. 304-3.)

13 14 **II. LEGAL STANDARD**

15 Federal Rule of Civil Procedure 23(e) provides that “[t]he claims, issues, or
16 defenses of a certified class—or a class proposed to be certified for purposes of
17 settlement—may be settled, voluntarily dismissed, or compromised only with the
18 court’s approval.” “[S]trong judicial policy . . . favors settlements, particularly where
19 complex class action litigation is concerned.” *Class Plaintiffs v. City of Seattle*, 955
20 F.2d 1268, 1276 (9th Cir. 1992). “The purpose of Rule 23(e) is to protect the unnamed
21 members of the class from unjust or unfair settlements affecting their rights.” *Pilkington*
22 *v. Cardinal Health, Inc. (In re Syncor ERISA Litig.)*, 516 F.3d 1095, 1100 (9th Cir.
23 2008). Review of the settlement is “extremely limited,” and courts should examine “the
24 settlement taken as a whole, rather than the individual component parts, . . . for overall
25 fairness.” *Hanlon*, 150 F.3d at 1026.

26 At the preliminary approval stage, courts in this circuit consider whether the
27 settlement: “(1) appears to be the product of serious, informed, non-collusive
28 negotiations; (2) has no obvious deficiencies; (3) does not improperly grant preferential

1 treatment to class representatives or segments of the class; and (4) falls within the range
2 of possible approval.” *Spann v. J.C. Penney Corp.*, 314 F.R.D. 312, 319 (C.D. Cal.
3 2016) (internal quotation marks omitted). Further, “[t]he court must direct notice in a
4 reasonable manner to all class members who would be bound by the proposal.” Fed. R.
5 Civ. P. 23(e)(1)(B).

6 7 **III. DISCUSSION**

8 **A. Serious, Informed, Non-Collusive Negotiations**

9 As demonstrated by the length of the court docket, for over more than four years
10 Class Counsel invested significant time and resources investigating and litigating the
11 case on behalf of Lead Plaintiff and the Class. The litigation involved significant
12 discovery—including the production of over 149,800 documents, service of nearly 30
13 subpoenas, and taking of 21 depositions, as well as extensive expert discovery—and
14 motion practice—including three motions to dismiss and a motion for class
15 certification, as well as the drafting and filing of three amended complaints. (*See* Stip.,
16 Recital §§ A–QQ (recounting litigation history).) The parties reached the settlement
17 after three full-day mediation sessions with a retired judge who has significant
18 experience mediating complex securities litigation. (*Id.* §§ V, JJ; *see* Mot. 5–6.) Based
19 on these facts, the Court finds that “the procedure for reaching this settlement was fair
20 and reasonable and that the settlement was the product of arms-length negotiations.” *In*
21 *re Tableware Antitrust Litig.*, 484 F. Supp. 2d 1078, 1080 (N.D. Cal. 2007); *see also*
22 Fed. R. Civ. P. 23(e)(A)–(B) advisory committee’s note to 2018 amendment (“[T]he
23 involvement of a neutral or court-affiliated mediator or facilitator in those negotiations
24 may bear on whether they were conducted in a manner that would protect and further
25 the class interests.”); *In re Snap Inc. Sec. Litig.*, No. 2:17-cv-03679-SVW, 2021 U.S.
26 Dist. LEXIS 34126, at *6 (C.D. Cal. Feb. 18, 2021) (“[T]he fact that the settlement was
27 negotiated at arm’s length and reached after discovery renders the agreement
28 presumptively fair.”).

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B. No Obvious Deficiencies and No Preferential Treatment

The proposed settlement has no obvious deficiencies and does not give preferential treatment to certain class members over others. The proposed settlement provides an equitable method for calculating each class member’s recovery. The proposed Plan of Allocation provides a formula developed by Class Counsel and Class Representative’s damages expert for distribution of settlement funds to class members demonstrating a loss on their transactions in Honest common stock related to the alleged false and misleading statements. (Stip. Ex. A-1 ¶¶ 58–65.)

Class Counsel has not yet provided information substantiating its contemplated motion for fees and costs, but the parties’ agreement provides that Class Counsel’s request for fees will not exceed 30% of the settlement fund and that its request for costs will not exceed \$1,725,000. (Mot. 18–19; *see* Stip. Ex. A-1 ¶¶ 5, 46.) Class Counsel’s anticipated request for fees and costs appears excessive. *See Jones v. GN Netcom, Inc. (In re Bluetooth Headset Prods. Liab. Litig.)*, 654 F.3d 935, 942 (9th Cir. 2011) (“[C]ourts typically calculate 25% of the fund as the ‘benchmark’ for a reasonable fee award . . .”). As the Court noted during the hearing on this motion, Class Counsel’s proposed request of 30% is meaningfully above the 25% benchmark used in the Ninth Circuit. The Court notes with approval that Class Counsel has invested substantial resources in litigating this case over more than four years. Nonetheless, the Court reiterates that it is not inclined to grant fee requests above this benchmark, absent a truly extraordinary showing of good cause.

The parties have identified a Supplemental Agreement giving Defendants the unilateral right to terminate the settlement should certain conditions be met. (Stip. ¶¶ 38, 40, 50.) *See* Fed. R. Civ. P. 23(e)(3) (requiring parties to “identify[] any agreement made in connection with the proposal”). “This type of agreement is a standard provision in securities class actions and has no negative impact on the fairness of the Settlement.” *In re Signet Jewelers Ltd. Sec. Litig.*, No. 1:16-cv-06728-CM-SDA, 2020 U.S. Dist.

1 LEXIS 128998, at *39 (S.D.N.Y. July 21, 2020); *accord Hefler v. Wells Fargo & Co.*,
2 No. 16-cv-05479-JST, 2018 U.S. Dist. LEXIS 213045, at *22 (N.D. Cal. Dec. 18, 2018)
3 (“The existence of a termination option triggered by the number of class members who
4 opt out of the Settlement does not by itself render the Settlement unfair.”). The existence
5 of the Supplemental Agreement does not substantially impact the Court’s evaluation of
6 the fairness of the settlement. Nonetheless, the Court directs the parties to submit the
7 Supplemental Agreement to the Court for in camera review before final approval.

8
9 **C. Range of Possible Approval**

10 To determine whether a settlement falls within the range of possible approval,
11 courts focus on “substantive fairness and adequacy,” including “plaintiffs’ expected
12 recovery balanced against the value of the settlement offer.” *In re Tableware Antitrust*
13 *Litig.*, 484 F. Supp. 2d at 1080. “[A] proposed settlement may be acceptable even
14 though it amounts only to a fraction of the potential recovery that might be available to
15 class members at trial.” *Uschold v. NSMG Shared Servs., LLC*, 333 F.R.D. 157, 171
16 (N.D. Cal. 2019) (internal quotation marks omitted).

17 The Court finds persuasive Lead Plaintiff’s assessment of the case, the risks of
18 further litigation, and the potential exposure to Defendants. (Mot. 13–16.) The gross
19 settlement amount of \$27.5 million is approximately 13% of Lead Plaintiff’s calculation
20 of Defendants’ maximum potential exposure and 76% of the minimum. (*Id.* at 15.) This
21 figure is within a reasonable range of settlement recovery approved in similar securities
22 class actions. *E.g.*, *In re Snap Inc.*, 2021 U.S. Dist. LEXIS 34126, at *6 (approving
23 settlement amount representing “approximately 7.8% of the class’s maximum potential
24 aggregate damages”); *In re Extreme Networks, Inc. Sec. Litig.*, No. 15-cv-04883-BLF,
25 2019 U.S. Dist. LEXIS 121886, at *27 (N.D. Cal. July 22, 2019) (approving gross
26 settlement amount representing “a recovery of between 5% and 9.5% of non-
27 disaggregated damages and between 19% to 54% if disaggregated arguments are
28 credited”); *In re Biolase, Inc. Sec. Litig.*, No. SACV 13-1300-JLS (FFMx), 2015 WL

1 12720318, at *4 (C.D. Cal. Oct. 13, 2015) (approving gross settlement amount
2 representing “approximately 8% of the maximum recoverable damages”).

3 For the purpose of preliminary approval, the Court finds that the settlement falls
4 within the range of possible approval.

5
6 **D. Adequate Notice**

7 For a Rule 23(b)(3) class, “the court must direct to class members the best notice
8 that is practicable under the circumstances, including individual notice to all members
9 who can be identified through reasonable effort.” Fed. R. Civ. P. 23(c)(2)(B). “The
10 yardstick against which we measure the sufficiency of notices in class action
11 proceedings is one of reasonableness.” *Low v. Trump Univ., LLC*, 881 F.3d 1111, 1117
12 (9th Cir. 2018) (quoting *In re Bank of Am. Corp.*, 772 F.3d 125, 132 (2d Cir. 2014)).
13 “Notice is satisfactory if it generally describes the terms of the settlement in sufficient
14 detail to alert those with adverse viewpoints to investigate and to come forward and be
15 heard.” *Churchill Vill., L.L.C. v. Gen. Elec.*, 361 F.3d 566, 575 (9th Cir. 2004) (internal
16 quotation marks omitted). Notice “does not require detailed analysis of the statutes or
17 causes of action forming the basis for the plaintiff class’s claims, and it does not require
18 an estimate of the potential value of those claims.” *Lane v. Facebook, Inc.*, 696 F.3d
19 811, 826 (9th Cir. 2012).

20 The parties agreed upon a notice that provides information about the nature of
21 the action and the claims asserted, the terms and provisions of the settlement, the
22 distribution of relief, and the release of claims. The notice also explains class members’
23 options to remain in the class, object to the settlement, or opt out of the settlement. (Stip.
24 Ex. A-1.) The settlement contemplates appointment of a third-party claims
25 administrator, Epiq Class Action & Claims Solutions, Inc. (“Epiq”), which will send
26 notice by first-class mail to all class members who can be identified with reasonable
27 effort. Additionally, a summary notice will be published in *The Wall Street Journal* and
28 transmitted over *PR Newswire*, and the notice and claim form will be available on Class

1 Counsel’s website and on www.TheHonestCompanySecuritiesLitigation.com. (See
2 generally Stip. & Exs. A-1 to -4.)

3 Courts have approved comparable notice procedures in securities class action
4 settlements. *E.g.*, *In re Regulus Therapeutics Inc. Sec. Litig.*, Nos. 3:17-cv-182-BTM-
5 RBB, 3:17-cv-267-BTM-RBB, 2020 U.S. Dist. LEXIS 202787, at *11–12 (S.D. Cal.
6 Oct. 29, 2020); *In re Banc of Cal. Sec. Litig.*, No. SACV 17-00118 AG (DFMx), 2019
7 U.S. Dist. LEXIS 209386, at *8–10 (C.D. Cal. Dec. 4, 2019). The Court finds that the
8 proposed notice procedure provides all the information required by Rule 23(c)(2)(B),
9 constitutes the best practicable notice to class members, and comports with the
10 requirements of due process.

11
12 **E. Conclusion**

13 The Court concludes that the proposed settlement as a whole appears fair and
14 reasonable, notwithstanding the reservations identified above.

15
16 **IV. CONCLUSION**

17 The Court grants the motion and orders as follows:

18 1. **Preliminary Approval of the Settlement.** The Court has reviewed the
19 Stipulation and preliminarily finds, pursuant to Federal Rule of Civil Procedure
20 23(e)(1), that the Court will likely be able to approve the proposed Settlement as fair,
21 reasonable, and adequate pursuant to Rule 23(e)(2), subject to further consideration at
22 the Settlement Hearing described below.

23 2. **Class Definition.** Consistent with the Court’s prior Order certifying the
24 Class, the Class is: all persons and entities that purchased or otherwise acquired
25 Honest’s publicly traded common stock pursuant and traceable to the Offering
26 Documents for Honest’s IPO prior to August 19, 2021, as well as all persons and entities
27 that acquired ownership of a trading account, retirement account, or any other similar
28 investment account or portfolio containing Honest’s publicly traded common stock that

1 was purchased or otherwise acquired pursuant and traceable to the Offering Documents
2 for Honest’s IPO prior to August 19, 2021, and were damaged thereby. Excluded from
3 the Class are: (i) Defendants and the Individual Defendants’ immediate family
4 members; (ii) the officers, directors, affiliates, and subsidiaries of Honest, the
5 Underwriter Defendants, and the Catterton Defendants at all relevant times;
6 (iii) Honest’s affiliates and employee retirement and/or benefit plan(s) and their
7 participants and/or beneficiaries to the extent they purchased or acquired Honest’s
8 common stock pursuant or traceable to the Offering Documents through any such
9 plan(s); (iv) any person who had or has a controlling interest in Honest, at all relevant
10 times; (v) any entity in which any of the Defendants have or had a controlling interest,
11 provided, however, that any “Investment Vehicle” shall not be excluded from the Class;
12 and (vi) the legal representatives, heirs, successors, or assigns of any such excluded
13 person or entity, in their capacity as such.² Also excluded from the Class is any person
14 or entity that requested exclusion from the Class in connection with the previously
15 issued Class Notice or whose request is otherwise allowed by the Court, if any.

16 **3. Settlement Hearing.** A hearing (the “Settlement Hearing”), pursuant to
17 Rule 23(e) of the Federal Rules of Civil Procedure, is hereby scheduled to be held
18 before the Court at the United States District Court, Central District of California, First
19 Street Courthouse, Courtroom 7C, 7th Floor, 350 W. 1st Street, Los Angeles, CA
20 90012 on July 28, 2025, at 9:00 a.m. for the following purposes:

- 21 (a) to determine whether the proposed Settlement is fair, reasonable
22 and adequate, and should be approved by the Court;

23
24 _____
25 ² “Investment Vehicle” means any investment company or pooled investment fund,
26 including but not limited to mutual fund families, exchange traded funds, fund of funds
27 and hedge funds, in which the Underwriter Defendants, or any of them, have, has or
28 may have a direct or indirect interest, or as to which their respective affiliates may act
as an investment advisor, but in which any Underwriter Defendant alone or together
with its, his or her respective affiliates is not a majority owner or does not hold a
majority beneficial interest.

1 (b) to determine whether the proposed Final Order and Judgment
2 (“Judgment”), as provided for under the Stipulation, should be entered, and to
3 determine whether the release by the Releasing Plaintiff Parties of the Released
4 Plaintiffs’ Claims, as set forth in the Stipulation, should be provided to the
5 Released Defendant Parties;

6 (c) to determine whether the proposed Plan of Allocation for the
7 proceeds of the Settlement is fair and reasonable and should be approved by the
8 Court;

9 (d) to consider Class Counsel’s application, on behalf of Plaintiffs’
10 Counsel, for an award of attorneys’ fees and expenses (which may include an
11 application for an award to Class Representative for reimbursement of her
12 reasonable costs and expenses directly related to her representation of the Class,
13 pursuant to the Private Securities Litigation Reform Act of 1995 (“PSLRA”));
14 and to rule upon such other matters as the Court may deem appropriate.

15 4. The Court reserves the right to approve the Settlement with or without
16 modification and with or without further notice to the Class. The Court further reserves
17 the right to enter the Judgment approving the Settlement regardless of whether it will
18 approve the proposed Plan of Allocation or award attorneys’ fees and expenses. The
19 Court may also adjourn or continue the Settlement Hearing or modify any of the dates
20 herein without further individual notice to members of the Class. Any changes to
21 scheduling shall be posted on the website for the Settlement.

22 5. **Approval of Form and Manner of Giving Notice.** The Court approves
23 the form, substance and requirements of the long-form Notice of Proposed Class Action
24 Settlement and Motion for Attorneys’ Fees and Expenses (the “Settlement Notice”), the
25 Proof of Claim and Release form (“Claim Form”), the Settlement Postcard, and the
26 Summary Notice, substantially in the forms annexed hereto as Exhibits 1, 2, 3 and 4
27 respectively, and finds they: (a) constitute the best notice to Class Members practicable
28 under the circumstances; (b) are reasonably calculated, under the circumstances, to

1 describe the terms and effect of the Settlement and to apprise Class Members of their
2 right to object to the proposed Settlement; (c) are reasonable and constitute due,
3 adequate, and sufficient notice to all persons entitled to receive such notice; and
4 (d) satisfy all applicable requirements of the Federal Rules of Civil Procedure
5 (including Rules 23(c)–(e)), the Due Process Clause of the United States Constitution,
6 Section 27 of the Securities Exchange Act of 1933, 15 U.S.C. § 77z-1(a)(7), and the
7 Rules of this Court.

8 **6. Retention of Claims Administrator and Notice Date.** The Court
9 approves the retention of Epiq Class Action & Claims Solutions, Inc. (“Epiq”) as the
10 Claims Administrator. The Claims Administrator was previously authorized by the
11 Court to issue notice in connection with Class Notice. The Claims Administrator shall
12 cause the Settlement Postcard to be mailed, by first-class mail, postage prepaid, on or
13 before ten (10) business days after entry of this Preliminary Approval Order (“Notice
14 Date”), to all Class Members who can be identified with reasonable effort, including by
15 using the mailing records obtained in connection with the Class Notice. Honest has
16 provided to the Claims Administrator, at no cost to Class Counsel, the Class or the
17 Claims Administrator, records from Honest’s transfer agent, in electronic searchable
18 form, to the extent reasonably available, containing the names and addresses of persons
19 or entities who purchased or otherwise acquired Honest’s publicly traded common stock
20 during the relevant time period.

21 **7. Nominee Procedures.** In the previously disseminated Class Notice,
22 banks, brokers and other nominees (“Nominees”) were advised that if, for the
23 beneficial interest of any person or entity other than themselves, they purchased or
24 acquired Honest publicly traded common stock during the period from May 5, 2021
25 through August 18, 2021, inclusive, they must either: (i) within ten (10) calendar days
26 of receipt of notification, request from Epiq sufficient copies of the Class Postcard to
27 forward to all such beneficial owners and within ten (10) calendar days of receipt of
28 those Class Postcards forward them to all such beneficial owners; or (ii) within ten

1 (10) calendar days of receipt of the Class Notice, provide a list of the names and
2 addresses of all such beneficial owners to Epiq. Nominees were also ordered to provide
3 email addresses for all such beneficial owners to Epiq, to the extent they were
4 available.

5 (a) For Nominees who previously chose the first option (*i.e.*, elected
6 to mail the Class Postcard directly to beneficial owners), Epiq shall forward the
7 same number of Settlement Postcards to such Nominees, and the Nominees
8 shall, within ten (10) calendar days of receipt of the Settlement Postcards, mail
9 them to the beneficial owners. Unless the Nominee has identified additional
10 beneficial owners whose names and addresses were not previously provided to
11 Epiq, such Nominees need not take any further action;

12 (b) For Nominees who previously chose the second option (*i.e.*,
13 provided a list of names and addresses of beneficial holders to Epiq, and emails
14 (if applicable)), Epiq shall promptly mail (and email, if applicable) the
15 Settlement Postcard to each of the beneficial owners whose names and
16 addresses the Nominee previously supplied. Unless the Nominee has identified
17 additional beneficial owners whose names and addresses were not previously
18 provided to Epiq, such Nominees need not take any further action;

19 (c) For Nominees that have identified additional beneficial owners
20 who were not previously identified in connection with the Class Notice, such
21 Nominees shall either: (i) within ten (10) calendar days of receipt of the
22 Settlement Notice, request from Epiq sufficient copies of the Settlement
23 Postcard to forward to all such additional beneficial owners, which the Nominee
24 shall, within ten (10) calendar days of receipt of those Settlement Postcards from
25 Epiq, mail to the beneficial owners; or (ii) within ten (10) calendar days of
26 receipt of the Settlement Notice, provide a list of the names and addresses of all
27 such additional beneficial owners to Epiq, and the Claims Administrator shall
28 provide Settlement Postcards to these additionally identified Persons. Nominees

1 that have identified additional beneficial owners who were not previously
2 identified in connection with the Class Notice shall also provide email addresses
3 to Epiq, to the extent they are available;

4 (d) Nominees who elect to send the Settlement Postcard to their
5 beneficial owners shall also send a statement to Epiq confirming that the mailing
6 was made and shall retain their mailing records for use in connection with any
7 further notices that may be provided in the Action; and

8 (e) Upon full and timely compliance with this Order, Nominees who
9 mail the Settlement Postcards to beneficial owners, or who provide additional
10 names and addresses of beneficial owners to the Claims Administrator, may seek
11 reimbursement of their reasonable expenses actually incurred in complying with
12 this Order of up to \$0.10 per name/address provided and up to \$0.10, plus postage
13 at the Claims Administrator's rate for bulk mailings, by providing the Claims
14 Administrator with proper documentation supporting the expenses for which
15 reimbursement is sought. Nominees whose research yields no records, or a
16 minimal number of beneficial owners, may ask the Claims Administrator to
17 consider an upward adjustment for the reasonable costs incurred to perform their
18 research. Such properly documented expenses incurred by Nominees in
19 compliance with the terms of this Order shall be paid from the Settlement Fund,
20 with any disputes as to the reasonableness or documentation of expenses subject
21 to review by the Court.

22 8. Contemporaneously with the mailing of the Settlement Postcard, the
23 Claims Administrator shall cause copies of the Settlement Notice and the Claim Form
24 to be posted on the website previously set up in connection with the Class Notice, from
25 which copies of the Settlement Notice and Claim Form can be downloaded. Class
26 Counsel shall, at or before the Settlement Hearing, file with the Court proof of
27 dissemination of the Settlement Postcard, Settlement Notice, and Claim Form.

28 9. **Approval of Summary Notice.** The Court directs that Class Counsel shall

1 cause the Summary Notice to be published once in *The Wall Street Journal* and to be
2 transmitted over *PR Newswire* within fourteen (14) calendar days of the Notice Date.
3 Class Counsel shall, at or before the Settlement Hearing, file with the Court proof of
4 publication of the Summary Notice.

5 10. The form and content of the notice program described herein, and the
6 methods set forth herein of notifying the Class of the Settlement and its terms and
7 conditions, meet the requirements of Rule 23 of the Federal Rules of Civil Procedure,
8 Section 27 of the Securities Act of 1933, 15 U.S.C. § 77z-1(a)(7) and due process,
9 constitute the best notice practicable under the circumstances, and shall constitute due
10 and sufficient notice to all persons and entities entitled thereto.

11 11. **Claims Process.** In order to be eligible to receive a distribution from the
12 Net Settlement Fund, in the event the Settlement is effectuated in accordance with the
13 terms and conditions set forth in the Stipulation, each Claimant shall take the following
14 actions and be subject to the following conditions:

15 (a) A properly executed Claim Form, substantially in the form
16 annexed hereto as Exhibit 2, must be submitted to the Claims Administrator, at
17 the address indicated, no later than ten (10) business days before the Settlement
18 Hearing. Such deadline may be further extended by Court Order or by Class
19 Counsel in its discretion. Each Claim Form shall be deemed to have been
20 submitted when postmarked (if properly addressed and mailed by first-class or
21 overnight mail, postage prepaid). Any Claim Form submitted in any other
22 manner shall be deemed to have been submitted when it was actually received
23 by the Claims Administrator. Any Class Member who does not timely submit a
24 Claim Form within the time provided for shall be barred from sharing in the
25 distribution of the Net Settlement Fund, unless otherwise ordered by the Court
26 or allowed by Class Counsel, but shall remain bound by all determinations and
27 judgments in this Action concerning the Settlement, as provided by ¶ 13 of this
28 Order.

1 (b) The Claim Form submitted by each Claimant must satisfy the
2 following conditions, unless otherwise allowed pursuant to the Stipulation: (i) it
3 must be properly completed, signed and submitted in a timely manner in
4 accordance with the provisions of the preceding subparagraph; (ii) it must be
5 accompanied by adequate supporting documentation for the transactions
6 reported therein, in the form of broker confirmation slips, broker account
7 statements, an authorized statement from the broker containing the transactional
8 information found in a broker confirmation slip, or such other documentation as
9 is deemed adequate by the Claims Administrator and/or Class Counsel; (iii) if
10 the person executing the Claim Form is acting in a representative capacity, a
11 certification of his or her current authority to act on behalf of the Claimant must
12 be included in the Claim Form; and (iv) the Claim Form must be complete and
13 contain no material deletions or modifications of any of the printed matter
14 contained therein and must be signed under penalty of perjury.

15 (c) As part of the Claim Form, each Claimant shall submit to the
16 jurisdiction of the Court with respect to the claim submitted.

17 12. Any Class Member may enter an appearance in this Action, at his, her or
18 its own expense, individually or through counsel of his, her or its own choice. If any
19 Class Member does not enter an appearance, he, she or it will be represented by Class
20 Counsel.

21 13. **No Second Opportunity to Request Exclusion from the Class.** In light
22 of the extensive notice program undertaken in connection with class certification and
23 the ample opportunity provided to Class Members to request exclusion from the Class
24 at that time, the Court is exercising its discretion to not require a second opportunity for
25 Class Members to exclude themselves from the Class in connection with the Settlement
26 proceedings. Class Members shall be bound by all orders, determinations and
27 judgments in this Action, including the releases, whether favorable or unfavorable,
28 unless such Persons previously requested exclusion in connection with the Class Notice.

1 14. **Objections to Settlement.** Any Class Member who did not request
2 exclusion from the Class in connection with the Class Notice may object to the proposed
3 Settlement, the proposed Plan of Allocation, and/or Class Counsel’s application for
4 attorneys’ fees and expenses. Any objection must state: (a) the name, address, and
5 telephone number of the objector and must be signed by the objector; (b) that the
6 objector is objecting to the proposed Settlement, Plan of Allocation, and/or Fee and
7 Expense Application in *In re The Honest Company, Inc. Sec. Litig.*, No. 21-cv-7405
8 (C.D. Cal.); (c) the objection(s) and the specific reasons for each objection, including
9 whether it applies only to the objector, to a specific subset of the Class, or to the entire
10 Class, and any legal and evidentiary support, and witnesses the Class Member wishes
11 to bring to the Court’s attention; and (d) include documents sufficient to establish the
12 objector’s membership in the Class, such as those showing the number of shares of all
13 purchases and acquisitions of publicly traded common stock from May 5, 2021 through
14 August 18, 2021, inclusive, as well as the dates and prices of each such purchase,
15 acquisition, and sale. The Court will consider a Class Member’s objection to the
16 Settlement, the Plan of Allocation, and/or the application for an award of attorneys’ fees
17 or expenses only if only if such Settlement Class Member has served by hand or by mail
18 his, her, or its written objection and supporting papers, such that they are received on
19 or before twenty-one (21) calendar days before the Settlement Hearing, upon Class
20 Counsel: Alfred L. Fatale III, Labaton Keller Sucharow LLP, 140 Broadway, New
21 York, NY 10005; and Defendants’ Counsel Representative: Ryan Blair, Cooley LLP,
22 10265 Science Center Drive, San Diego, CA 92121 and has filed, either by mail or in
23 person, said objections and supporting papers with the Clerk of the Court, United States
24 District Court for the Central District of California, 255 East Temple Street, Suite 180,
25 Los Angeles, CA 90012.

26 15. Attendance at the Settlement Hearing is not necessary. However, persons
27 wishing to be heard orally in opposition to the approval of the Settlement, the Plan of
28 Allocation, and/or the application for an award of attorneys’ fees and expenses are

1 required to indicate in their written objection their intention to appear at the Settlement
2 Hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or
3 the application for an award of attorneys' fees and expenses and desire to present
4 evidence at the Settlement Hearing must include in their written objections the identity
5 of any witnesses they may call to testify and exhibits they intend to introduce into
6 evidence at the Settlement Hearing.

7 16. Class Members do not need to appear at the Settlement Hearing or take
8 any other action to indicate their approval.

9 17. Any Class Member who does not make his, her, or its objection in the
10 manner provided for above shall be deemed to have waived such objection and shall
11 forever be foreclosed from making any objection to any aspect of the Settlement, to the
12 Plan of Allocation, and/or to the request for attorneys' fees and expenses, unless
13 otherwise ordered by the Court, but in all respects shall otherwise be bound by the
14 Judgment to be entered and the releases to be given.

15 18. Pending final determination of whether the Settlement should be approved,
16 Class Representative, all Class Members, and each of them, and anyone who acts or
17 purports to act on their behalf, shall not institute, commence or prosecute any action
18 which asserts Released Plaintiffs' Claims against the Released Defendant Parties.

19 19. **Supporting Papers.** All papers in support of the Settlement, Plan of
20 Allocation, and Class Counsel's request for an award of attorneys' fees and expenses
21 shall be filed with the Court and served on or before thirty-five (35) calendar days prior
22 to the date set herein for the Settlement Hearing. If reply papers are necessary, they are
23 to be filed with the Court and served no later than seven (7) calendar days prior to the
24 Settlement Hearing.

25 20. **Settlement Fund.** All funds held in the Settlement Fund shall be deemed
26 and considered to be in *custodia legis* of the Court, and shall remain subject to the
27 jurisdiction of the Court until such time as such funds shall be disbursed pursuant to the
28 Stipulation and/or further order of the Court.

1 21. Neither Defendants nor their counsel shall have any responsibility for or
2 liability with respect to the Plan of Allocation or any application for attorney’s fees or
3 expenses submitted by Class Counsel or Class Representative.

4 22. **Termination of Settlement.** If the Settlement fails to become effective as
5 defined in the Stipulation or is terminated, then both the Stipulation, including any
6 amendment(s) thereof, except as expressly provided in the Stipulation, and this
7 Preliminary Approval Order shall be null and void except as provided for in the
8 Stipulation, of no further force or effect, and without prejudice to any Party, and may
9 not be introduced as evidence or used in any actions or proceedings by any person or
10 entity against the Parties, and the Parties shall be deemed to have reverted to their
11 respective litigation positions in the Action as of December 16, 2024.

12 23. **Use of this Order.** Neither this Order, the Stipulation (whether or not
13 finally approved or consummated, and including any exhibits thereto, any Plan of
14 Allocation contained therein or approved by the Court, and the Supplemental
15 Agreement), nor their negotiation, or any proceedings taken pursuant to them: (a) shall
16 be offered against any of the Released Defendant Parties as evidence of, or construed
17 as, or deemed to be evidence of any presumption, concession, or admission by any of
18 the Released Defendant Parties with respect to the truth of any fact alleged by Class
19 Representative, or the validity of any claim that was or could have been asserted, or the
20 deficiency of any defense that has been or could have been asserted in this Action or in
21 any litigation, or of any liability, negligence, fault, or other wrongdoing of any kind by
22 any of the Released Defendant Parties; (b) shall be offered against any of the Released
23 Plaintiff Parties as evidence of, or construed as, or deemed to be evidence of, any
24 presumption, concession, or admission with respect to any liability, negligence, fault,
25 or wrongdoing of any kind or in any way referred to for any other reason as against any
26 of the Released Plaintiff Parties in any civil, criminal, or administrative action or
27 proceeding, other than such proceedings as may be necessary to effectuate the
28 provisions of the Stipulation; (c) shall be construed against any of the Released Parties

1 as an admission, concession, or presumption that the consideration to be given
2 represents the amount which could be or would have been recovered after trial;
3 provided, however, that if the Stipulation is approved by the Court, the Released Parties
4 and their respective counsel may refer to it to effectuate the protections from liability
5 granted hereunder or otherwise to enforce the terms of the Settlement.

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7 **IT IS SO ORDERED.**



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9 Dated: May 6, 2025

10 MARK C. SCARSI
11 UNITED STATES DISTRICT JUDGE
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