

## **SETTLEMENT AGREEMENT**

### **1. INTRODUCTION**

#### **1.1 Parties**

This Settlement Agreement is entered into by and between Environmental Health Advocates, Inc. (“EHA”), on the one hand, and John Paul Mitchell Systems (“JPMS”), on the other hand, with EHA and Paul Mitchell each individually referred to as a “Party” and collectively as the “Parties.” EHA is a corporation in the State of California serving in the interest of the general public by seeking to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. EHA alleges that JPMS is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code § 25249.6 *et seq.* (“Proposition 65”).

#### **1.2 General Allegations**

EHA alleges that JPMS manufactures, sells, and/or distributes for sale in California, shave gel products that contain diethanolamine ("DEA") and that it does so without first providing the health hazard warning required by Proposition 65. DEA is listed pursuant to Proposition 65 as a chemical known to cause cancer.

#### **1.3 Product Description**

The products covered by this Settlement Agreement are defined as, and expressly limited to JPMS Tea Tree Shave Gel (“Covered Products”), that are manufactured, sold and/or distributed for sale in California by JPMS.

#### **1.4 Notice of Violation**

On or around January 10, 2025, EHA served JPMS, the California Attorney General, and certain other public enforcement agencies with a 60-Day Notice of Violation of Proposition 65 (“Notice”). The Notice alleged that JPMS had violated Proposition 65 by failing to sufficiently warn consumers in California of the health hazards associated with exposures to DEA contained in Covered Products.

To the best of the parties’ knowledge, no public enforcer has commenced or is otherwise

prosecuting an action to enforce the violations alleged in the Notice.

### **1.5 No Admission**

JPMS denies the material, factual, and legal allegations in the Notice and maintains that all of the products it sold and/or distributed for sale in California, including Covered Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by JPMS of any fact, finding, conclusion, issue of law or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by JPMS of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by JPMS. This Section shall not, however, diminish or otherwise affect JPMS's obligations, responsibilities, and duties under this Settlement Agreement.

### **1.6 Effective Date**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean the date this Settlement Agreement is executed by the Parties.

## **2. INJUNCTIVE RELIEF**

Beginning thirty (30) days after the Effective Date, Defendant shall be permanently enjoined from manufacturing and distributing the Covered Product to sell or offer for sale in the State of California, or directly selling in the State of California the Covered Product, unless the Covered Product complies with Sections 2.1(1), 2.1(2) or 2.2 below. As used in this Section 2, "sell or offer for sale" in California means to directly ship Covered Products into California or to sell Covered Products to a distributor that JPMS knows will sell Covered Products in California.

### **2.1 Reformulation Standard**

(1) The Covered Product has a DEA content above the Reporting Limit of 10 mg/kg when analyzed pursuant to liquid chromatography/tandem mass spectrometry (LC/MS/MS), inductively coupled mass-spectroscopy (ICP-MS) or other method of analysis utilized by the International Organization for Standardization (ISO) for qualitative and quantitative screening of cosmetics and cosmetic raw materials.


OR

(2) The Covered Product has Triethanolamine (“TEA”) as an intentional ingredient, or any other ingredients that are known to contain DEA, as published by the FDA at <https://www.fda.gov/cosmetics/cosmetic-ingredients/diethanolamine>, and as may be updated by the FDA. In the event that the FDA adds a chemical to its list of ingredients known to contain DEA after the Effective Date, the limitation herein shall not apply to Covered Products already in the stream of commerce, as set forth in Section 2.3 herein, but as of six (6) months following the chemical’s public listing the FDA’s website (rather than the Effective Date). Further, in the event that EHA establishes by citation to authoritative government or academic sources that definitively show other cosmetic ingredient(s) used in JPMS’s Covered Products function as a precursor to DEA that results in exposures from the Covered Product above the No Significant Risk Level under Proposition 65, EHA shall notify JPMS of such authority and seek to modify this Settlement Agreement in accordance with Section 12. If the Parties do not agree on a modification to this Settlement Agreement related to an ingredient in JPMS’s Covered Products that EHA alleges is a DEA precursor that is not included in FDA’s list and results in exposures from the Covered Product above the No Significant Risk Level, then nothing in this Settlement Agreement shall preclude EHA from pursuing a new Proposition 65 enforcement action related to DEA associated with that precursor or preclude JPMS from asserting any applicable defense, including a No Significant Risk Level exposure defense in response.

## **2.2 General Warning Requirements**


Commencing on the Effective Date, JPMS agrees any Covered Product sold that was not reformulated pursuant to paragraph 2.1 shall contain a “clear and reasonable” Proposition 65 warning, within the meaning of Section 25249.6 of the Act. JPMS agrees that each warning shall be prominently placed with such conspicuousness, as compared with other words, statements, designs, or devices as to render it likely to be seen, read and understood by an ordinary individual under customary conditions before purchase or use. Each warning shall be provided in a manner such that the consumer or user understands to which specific Covered Products the warning applies, and which listed chemical(s) is/are implicated, so as to minimize the risk of consumer confusion.

For purposes of this Settlement Agreement, a clear and reasonable warning for the Covered Products shall comply with Title 27 of the California Code of Regulations, § 25600, et seq. and may consist of a product-specific warning via one or more of the following methods: (1) A posted sign, shelf tag, or shelf sign for the consumer product at each point of display of the product; (2) Any electronic device or process that automatically provides the warning to the purchaser (not applicable to internet purchases, which are subject to the provisions of § 25602(b)); (3) A warning directly affixed to the product's label or tag; or (4) A short-form warning on the label that complies with the content requirements set forth in §§ 25603(b) and 25603(a). Specifically, pursuant to § 25603(a) – (d), one of the following statements:

- 1)  “WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:” This product can expose you to chemicals including diethanolamine ("DEA"), which is known to the State of California to cause cancer. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).


OR

SHORT FORM

- 2)  “WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:” Cancer risk from exposure to Diethanolamine (“DEA”). See- [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov)


OR

SHORT FORM

- 3)  “WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:” Can expose you to Diethanolamine (“DEA”), a carcinogen. See [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

OR

SHORT FORM ON  
A PRODUCT  
MANUFACTURED/  
LABELED PRIOR  
TO 1/1/28,  
REGARDLESS OF  
DATE OF SALE

- 4)  WARNING: Cancer- [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov)

The triangle above shall be yellow on the warning statement. Where the sign, label, or shelf tag for the product is not printed using the color yellow, the symbol may be printed in black and white. The symbol shall be placed to the left of the warning text, in a size no smaller than the height of the word, “WARNING.” A short-form warning must be provided on a product in a type size that complies with Cal. Code Regs Tit. 27, § 25601(c). In no case shall a warning statement displayed on the Covered Products’ packaging appear in a type size smaller than 6-point type. Where a sign, labeling, or label as defined in Section 256001.1 is used to provide a warning that includes consumer information about a product in a language other than English, the warning must also be provided in that language in addition to English.

As set forth in Cal. Code Regs. Tit. 27, § 25602(b), to the extent Covered Products are sold online, a warning that complies with the content requirements of Cal. Code Regs Tit. 27, § 25603 may be provided via of the following methods: (1) A warning on the product display page; (2) A clearly marked hyperlink using the word “WARNING” or the words “CA WARNING” or “CALIFORNIA WARNING” on the product display page that links to the warning; or (3) An otherwise prominently displayed warning provided to the purchaser prior to completing the purchase. If a warning is provided using the short-form label content pursuant to Section 25602(a)(4), the warning provided on the website may use the same content. For purposes of this section, a warning is not prominently displayed if the purchaser must search for it in the general content of the website. For internet purchases made prior to 1/1/28, a retail seller is not responsible under Section 25600.2(e)(4) for conspicuously posting or displaying the new warning online until 60 calendar days after the retailer receives a warning or a written notice under Section 25600.2(b) and (c) which updates a short-form warning compliant with Section 25603(c) with content compliant with Section 25603(b). These requirements extend to any websites under the exclusive control of JPMS where Covered Products are sold into California. In addition, JPMS shall instruct any third-party website to which it directly sells its Covered Products to include the same online warning, as set forth above, as a condition of selling the Covered Products in California.

(i) Changes in Warning Regulations or Statutes

In the event that the Office of Environmental Health Hazard Assessment promulgates one or more regulations requiring or permitting Proposition 65 warning text and/or methods of transmission applicable to the Covered Products and the chemical at issue, which are different than those set forth above, JPMS shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Agreement. If regulations or legislation are enacted providing that Proposition 65 warnings as to DEA in this product are no longer required, a lack of warning by JPMS will not thereafter be a breach of this Agreement.

In the event the California Office of Health Hazard Assessment adopts a regulation or safe use determination, or issues an interpretive guideline that exempts Covered Products from meeting the requirements of Proposition 65; or DEA in cosmetics or personal care products cases are permanently enjoined by a court of competent jurisdiction; or if Proposition 65 is determined to be preempted by federal law or a burden on First Amendment rights with respect to DEA in Covered Products or Covered Products substantially similar to Covered Products, then JPMS shall be relieved of its obligation to comply with Section 2 herein. In the event a judgment is entered by a court of competent jurisdiction for a case involving EHA, which includes alternative standards or methods for Proposition 65 compliance relevant to the Covered Product, JPMS shall be entitled to comply with such standards and methods, at its discretion.

**2.3 Grace Period for Existing Inventory of Covered Products**

The injunctive requirements of Section 2 shall not apply to Covered Products that are already in the stream of commerce as of the Effective Date, which Covered Products are expressly subject to the releases provided in Section 4.1. There shall be no obligation for JPMS to reformulate the Covered Product or provide a warning for Covered Products that entered the stream of commerce prior to the Effective Date, and the Section 4 release applies to all such Covered Products. For the avoidance of doubt, Covered Products in the stream of commerce specifically include, but are not limited to, Covered Products in in any stage of production as of the Effective Date, including pilots, batching, stability, compatibility, works-in-progress, or micro-hold, as well as any Covered Product currently

in existence as of the Effective Date, whether in warehouse, in transit, in distribution or available for sale (including retail, professional or otherwise) in or outside California.

### **3. MONETARY SETTLEMENT TERMS**

#### **3.1 Civil Penalty Payment**

Pursuant to Health and Safety Code § 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, JPMS agrees to pay two thousand (\$2,000.00) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount retained by EHA. JPMS shall issue two separate checks for the initial civil penalty payment to (a) “OEHHA” and (b) Environmental Health Advocates, Inc. as follows:

- One payment of \$1,500.00 to OEHHA, due fourteen (14) days after the Effective Date.
- One payment of \$500.00 to EHA, due fourteen (14) days after the Effective Date.

All payments owed to OEHHA (EIN: 68-0284486), pursuant to this Section shall be delivered directly to OEHHA (Memo Line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
P.O. Box 4010  
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics  
Fiscal Operations Branch Chief  
Office of Environmental Health Hazard Assessment  
1001 I Street  
Sacramento, CA 95814

All penalty payments owed to EHA shall be sent to:

Environmental Health Advocates  
225 Broadway, Suite 1900  
San Diego, CA 92101

Payments are due fourteen (14) days after the Effective Date. If the California Attorney General (“CA AG”) thereafter objects to the Settlement Agreement, and the Parties are unable to agree on terms that satisfy the CA AG, EHA shall immediately return all settlement funds.

### **3.2 Attorney Fees and Costs**

The Parties reached an accord on the compensation due to EHA and its counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, JPMS agrees to pay twenty thousand five hundred dollars (\$20,500.00) to EHA and its counsel for all fees and costs incurred in investigating, bringing this matter the attention of JPMS, and negotiating a settlement. The twenty thousand five hundred dollars (\$20,500.00) in Attorney’s Fees and Costs shall be payable to Entorno Law, LLP as one payment of \$20,500, due fourteen (14) days after the Effective Date. If the California Attorney General (“CA AG”) thereafter objects to the Settlement Agreement, and the Parties are unable to agree on terms that satisfy the CA AG, EHA shall immediately return all settlement funds.

All payments required under this Section shall be payable to Entorno Law, LLP and delivered to:

Noam Glick  
Entorno Law, LLP  
225 Broadway, Suite 1900  
San Diego, CA 92101

### **3.3 Tax Documentation**

JPMS agrees to provide a completed IRS 1099 for its payments to, and EHA agrees to provide IRS W-9 forms for, each of the payees under this Settlement Agreement. The Parties acknowledge that JPMS cannot issue any settlement payments pursuant to Section 3.1 and 3.2 above until after JPMS receives the requisite W-9 forms from EHA’s counsel.

## **4. CLAIMS COVERED AND RELEASED**

### **4.1 EHA’s Release of JPMS**

This Settlement Agreement is a full, final, and binding resolution of all claims between EHA,



on its own behalf and not on behalf of the public, and JPMS for all claims that can or could have been asserted by EHA, on its own behalf, and on behalf of its past and current shareholders, members, directors, officers, managers, employees, agents, representatives, attorneys, successors and assignees, each of their respective parents, subsidiaries, affiliated entities under common ownership, shareholders, members, directors, officers, managers, employees, attorneys, successors and assignees against JPMS and each of its respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, members, employees, attorneys, and any entity, including, but not limited to each entity to whom JPMS directly or indirectly distributes or sells the Covered Products, including, but not limited to, its downstream distributors, wholesalers, customers, retailers (including but not limited to Ulta Salon, Cosmetics & Fragrance, Inc.), franchisees, cooperative members and licensees, and any contract manufacturers for JPMS of the Covered Products (“Releasees”), based on the failure to warn about exposures to DEA required under Proposition 65 in the Covered Products manufactured, sold or distributed for sale in California by or on behalf of JPMS before the Effective Date, as alleged in the Notice, or for any other reason.

In further consideration of the promises and agreements herein contained, EHA on its own behalf and not on behalf of the public, on behalf of its past and current shareholders, members, directors, officers, managers, employees, agents, representatives, attorneys, successors and assignees and each of their respective parents, subsidiaries, affiliated entities under common ownership, owners, shareholders, directors, officers, members, employees, and attorneys, successors and assignees hereby waives any and all rights it may have to institute or participate in, directly or indirectly, any form of legal action and releases all claims against JPMS and Releasees including, without limitation, all actions and causes of action, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses including, but not exclusively, investigation fees, expert fees and attorney fees arising under Proposition 65 with respect to the alleged or actual failure to warn about exposures to DEA from the Covered Products manufactured, distributed, sold or offered for sale by or on behalf of JPMS, before the Effective Date.

#### **4.2 California Civil Code Section 1542**

It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Covered Products will develop or be discovered. EHA on behalf of itself only, on one hand, and JPMS on behalf of itself only, on the other hand, acknowledge that this Settlement Agreement is expressly intended to cover and include all such claims up through the Effective Date. The Parties acknowledge that the claims released in Sections 4.1 and 4.2 may include unknown claims, and nevertheless waive California Civil Code section 1542 as to any such unknown claims. California Civil Code section 1542 reads as follows:

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

EHA and JPMS each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

#### **5. PUBLIC BENEFIT**

It is JPMS's understanding that the commitments it has agreed to herein, and actions to be taken by JPMS under this Settlement Agreement confer a significant benefit to the general public, as set forth in Code of Civil Procedure § 1021.5 and Cal. Admin. Code tit. 11, § 3201. As such, it is the intent of JPMS that to the extent any other private party serves a notice and/or initiates an action alleging a violation of Proposition 65 with respect to JPMS's alleged failure to provide a warning concerning actual or alleged exposure to DEA prior to use of the Covered Products it has manufactured, distributed, sold, or offered for sale in California, or will manufacture, distribute, sell, or offer for sale in California, such private party action would not confer a significant benefit on the general public as to those Covered Products addressed in this Settlement Agreement, provided that JPMS is in material compliance with this Settlement Agreement.

**6. SEVERABILITY**

If, subsequent to the execution of this Settlement Agreement, any provision of this Settlement Agreement is held by a court to be unenforceable, the validity of the remaining provisions shall not be adversely affected.

**7. GOVERNING LAW**

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California.

**8. ENFORCEMENT**

In any action to enforce the terms of this Settlement Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and costs.

**9. NOTICE**

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For JPMS:

Peter Duchesneau  
Manatt, Phelps & Philips, LLP  
2049 Century Park East, Suite 1700  
Los Angeles, CA 90067  
pduchesneau@manatt.com

For EHA:

Noam Glick  
Entorno Law, LLP  
225 Broadway, Suite 1900  
San Diego, CA 92101

Any Party may, from time to time, specify in writing to the other a change of address to which all notices and other communications shall be sent.

**10. COUNTERPARTS; FACSIMILE SIGNATURES**

This Settlement Agreement may be executed in counterparts and by facsimile or portable document format (PDF) signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

**11. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)**

EHA and its attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code § 25249.7(f).

**12. MODIFICATION**

This Settlement Agreement may be modified only by written agreement of the Parties.

**13. AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

**AGREED TO:**

**AGREED TO:**

Date: 7/30/25

Date: 7/30/2025

By:   
ENVIRONMENTAL HEALTH  
ADVOCATES, INC.

By:   
JOHN PAUL MITCHELL SYSTEMS