

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 Cellex-C International Inc., Cellex-C America Corp. and their corporate affiliates (“Cellex-C”), on the other hand, with EHA and Cellex-C each individually referred to as a “Party” and collectively as the “Parties.” EHA is a corporation in the State of California allegedly 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 Cellex-C 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 Cellex-C manufactures, sells, and/or distributes for sale in California, cleanser 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 cleanser products, including but not limited to Cellex-C Betaplex Gentle Cleansing Milk (“Covered Products”), that are manufactured, sold and/or distributed for sale in California by Cellex-C.

1.4. Notice of Violation

On or around December 16, 2024, EHA alleges that it served Cellex-C, 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 Cellex-C 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. The Notice was subsequently amended on or around April

18, 2025 to add an additional address and again on or around August 22, 2025 to add an additional entity.

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

Cellex-C 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 Cellex-C 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 Cellex-C of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Cellex-C. This Section shall not, however, diminish or otherwise affect Cellex-C'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 last executed by the Parties and both Parties receive fully executed copies of this Settlement Agreement. The "Compliance Date" shall be a date ninety (90) days after the Effective Date.

2. INJUNCTIVE RELIEF

2.1. Reformulation Standard


Beginning on the Compliance Date, Defendant shall be permanently enjoined from manufacturing, distributing, or directly selling in the State of California any Covered Product that 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. As used in Section 2.1, "distribute for sale in California" means to directly ship the Covered Products into California or to sell to a distributor Cellex-C knows will sell the Covered Products in California.

2.2. General Warning Requirements

Commencing on the Compliance Date, Cellex-C agrees any Covered Product directly sold or distributed for sale in California 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. Cellex-C 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 (subject to use of the short form warning for products manufactured and labeled prior to 1/1/2028, discussed below).


For purposes of this Settlement Agreement, a clear and reasonable warning for the Covered Products shall 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 must be utilized:

LONG FORM

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.


OR

SHORT FORM

2.  **“WARNING:” [or] “CA WARNING:” [or] “CALIFORNIA WARNING:”:** Cancer risk from exposure to Diethanolamine (“DEA”). See- 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.

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

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 short-form 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 must 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 Cellex-C where Covered Products are sold into California. In addition, Cellex-C 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.

There shall be no obligation for Cellex-C to provide a warning for Covered Products that entered inventory or the stream of commerce prior to the Compliance Date, and the Section 4 release applies to all such Covered Products.

2.3. 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, Cellex-C shall be entitled to use, at its discretion, such other warning text and/or method of transmission without being deemed in breach of this Settlement Agreement. If regulations or legislation are enacted providing that Proposition 65 warnings as to DEA in Covered Products are no longer required, a lack of warning by Cellex-C will not thereafter be a breach of this Settlement Agreement.

2.4. Grace Period for Existing Inventory of Covered Products

The injunctive requirements of Section 2 shall not apply to Covered Products that are already in inventory or the stream of commerce as of the Compliance Date, which Covered Products are expressly subject to the releases provided in Section 4.1. For the avoidance of doubt, Covered Products in inventory or the stream of commerce specifically include, but are not limited to, Covered Products in the process of manufacture.

2.5 Most Favored Nations Provision

EHA represents and warrants that as of the Effective Date, it has not entered into any settlement agreement with any other party nor has any court entered any judgment that sets forth a reformulation standard that is higher (less strict) than the one set forth herein. If, after the Effective

Date, EHA enters into any settlement agreement and/or a court enters any judgment in any Proposition 65 enforcement action over exposure to DEA that imposes a different, higher (less strict) reformulation standard from that set forth in this Settlement Agreement, the Parties agree Section 2.1 of this Settlement Agreement is automatically modified to conform with the obligations or injunctive relief provided in such later agreement or judgment. If, after the Effective Date, a court enters any judgment in any Proposition 65 enforcement action that determines that no Proposition 65 warnings premised on exposure to DEA are required and/or no warnings are required for cleanser products used, distributed, and/or provided to customers in California by Cellex-C's, the Parties agree that the obligations in Section 2.1 of this Settlement Agreement will immediately and automatically end.

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, Cellex-C agrees to pay (\$1,000) 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. Cellex-C 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 \$750 to OEHHA, sent within thirty (30) days after the Effective Date.
- One payment of \$250 to EHA, sent within thirty (30) days after the Effective Date.

All payments owed to OEHHA (EIN: 68-0284486), pursuant to this Section shall be sent 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

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, Cellex-C agrees to pay \$19,000 to EHA and its counsel for a portion of the fees and costs incurred in investigating, bringing this matter the attention of Cellex-C, and negotiating a settlement. The \$19,000 in Attorney's Fees and Costs shall be payable to Entorno Law, LLP as two payments of \$9,500, with the first payment sent within thirty (30) days after the Effective Date, and the second payment sent within sixty (60) days after the Effective Date.

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

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

3.3. Tax Documentation

EHA agrees to provide IRS W-9 forms for each of the payees under this Settlement Agreement. The Parties acknowledge that Cellex-C cannot issue any settlement payments pursuant

to Section 3.1 and 3.2 above until after Cellex-C receives the requisite W-9 forms from EHA's counsel.

4. CLAIMS COVERED AND RELEASED

4.1. EHA's Release of Cellex-C

This Settlement Agreement is a full, final, and binding resolution of all claims between EHA, on its own behalf, and Cellex-C for all claims that can or could have been asserted by EHA, on its own behalf, on behalf of its past and current agents, representatives, attorneys, successors and assignees, against Cellex-C 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 Cellex-C directly or indirectly distributes or sells the Covered Products, including, but not limited to, its downstream distributors, wholesalers, online marketplaces, customers, retailers, franchisees, cooperative members, licensees, and upstream suppliers and manufacturers ("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 Cellex-C before the Compliance Date, as alleged in the Notice, or for any other reason. This release shall also cover any Covered Products that were in inventory or in the stream of commerce prior to the Compliance Date.

In further consideration of the promises and agreements herein contained, EHA on its own behalf, on behalf of its past and current agents, representatives, 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 Cellex-C 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 required under Proposition 65 in the Covered Products manufactured, distributed, sold or offered for sale by Cellex-C, before the Compliance Date.

4.2. Cellex-C's Release of EHA

Cellex-C, on its own behalf and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against EHA and its attorneys and other representatives, for any and all actions taken or statements made by EHA and its attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Covered Products.

4.3. 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 Cellex-C 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 Compliance 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 Cellex-C each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5. PUBLIC BENEFIT

It is Cellex-C's understanding that the commitments it has agreed to herein, and actions to be taken by Cellex-C 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 Cellex-C 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 Cellex-C'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 Cellex-C 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 Cellex-C:

Sherry E. Jackman
Sedina L. Banks
Greenberg Glusker LLP
2049 Century Park East, Suite 2600
Los Angeles, CA 90067
sjackman@greenbergglusker.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. NOTICE AND OPPORTUNITY TO CURE

13.1. Enforcement

A Party may enforce any of the terms and conditions of this Settlement Agreement only for Covered Product that Cellex-C and/or Releasees directly manufactures, imports, distributes, sells, or offers for sale in California after the Compliance Date that EHA or its representatives have tested and certified that the Covered Products do not comply with Section 2 of this Settlement Agreement only after that Party first provides sixty (60) days written notice to the Party allegedly failing to comply with the terms and conditions of this Settlement Agreement and attempts to resolve such Party's failure to comply in an open and good faith manner.

13.2. Notice of Violation

Prior to bringing any proceeding to enforce the terms of this Settlement Agreement, EHA shall provide a written notice of violation ("NOV") to Cellex-C that includes information sufficient for them to be able to understand and correct the violation.

14. AUTHORIZATION

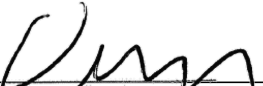
The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

15. REPRESENTATIONS AND WARRANTIES

EHA and its counsel, on behalf of themselves, counsel's law firm, and all other lawyers co-advicing on this matter represent and warrant that they (i) are unaware of any additional perceived claims against the Releasees outside of those addressed in this Settlement Agreement; (ii) are unaware of, and have not been informed of, any other individual, plaintiff, class member, entity, or attorney that intends to bring a claim against the Releasees, including, but not limited to, any claim regarding the Releasees' products and/or any claim related to Prop. 65; and (iii) have no present intention to solicit others to initiate claims against the Releasees. EHA and its counsel further represent and warrant that they have not assigned or otherwise transferred, or attempted to assign or transfer, any perceived claims against the Releasees.

AGREED TO:

Date: 11/25/25

By: 
ENVIRONMENTAL HEALTH
ADVOCATES, INC.

AGREED TO:

Date: 25th November 2025

By: 
CELLEX-C INTERNATIONAL INC.,
CELLEX-C AMERICA CORP.

