

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 EWC Franchisor, LLC (“EWC Franchisor”) and EWC Ventures, LLC (“EWC Ventures”) (EWC Franchisor and EWC Ventures are collectively referred to herein as the “Settling Defendants”), on the other hand, with EHA and Settling Defendants each individually referred to as a “Party” and collectively as the “Parties.” EHA alleges that it 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 Settling Defendants are 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 Settling Defendants sell and/or distribute for sale in California, thermal receipt paper products that contain Bisphenol S (BPS) and that it does so without first providing the health hazard warning required by Proposition 65. BPS is listed pursuant to Proposition 65 as a chemical known to cause reproductive harm.

1.3 Product Description

The product covered by this Settlement Agreement is defined as, and expressly limited to thermal receipt paper (“Covered Product”), that is used, distributed, and/or provided to customers in California by EWC Franchisor, EWC Ventures, or any of their franchisees.

1.4 Notice of Violation

On or around July 18, 2025, EHA served Settling Defendants, 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 EWC had violated Proposition 65 by failing to sufficiently warn consumers in California of the health hazards associated with exposures to BPS contained in Covered Product. The Notice was subsequently amended on October 3, 2025, to provide

information identifying the location(s) where exposures occurred.

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

Settling Defendants deny the material, factual, and legal allegations in the Notice and maintain that all of the products they sold and/or distributed for sale in California have been, and are, in compliance with all laws and deny that they sold and/or distributed any Covered Product for sale in California at all. Nothing in this Settlement Agreement shall be construed as an admission by Settling Defendants 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 Settling Defendants of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Settling Defendants. This Section shall not, however, diminish or otherwise affect Settling Defendants' 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

2.1 Reformulation Standard

Beginning thirty (30) days after the Effective Date, Settling Defendants shall instruct their California franchisees to use only BPS free thermal receipt paper. "BPS Free" means thermal paper that contains less than 200 parts per million ("ppm") of BPS when tested for total content using a Liquid Chromatography Mass-Spectrometer. Provided, however, that if Settling Defendants and/or their franchisees obtain a lab test result, representation, or certification from their supplier that the thermal paper is BPS Free, it shall be conclusively presumed that the paper is in fact BPS Free.

2.2 Grace Period for Existing Inventory of the Covered Product

The injunctive requirements of Section 2 shall not apply to Covered Product that is already in the stream of commerce as of the Effective Date, which Covered Product is expressly subject to the releases provided in Section 4.1. For the avoidance of doubt, Covered Product that is in the stream

of commerce specifically includes, but is not limited to, Covered Product that was procured by Settling Defendants or any of their franchisees prior to the Effective Date.

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, Settling Defendants agree to collectively pay one thousand dollars (\$1,000.00) in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code §§ 25249.12(c)(1) & (d), with seventy-five percent (75.00%) of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining twenty-five percent (25.00%) of the penalty amount retained by EHA. Settling Defendants shall collectively issue two (2) separate checks for the civil penalty payment as follows:

- One payment of \$750.00 to OEHHA, due thirty (30) days after the Effective Date.
- One payment of \$250.00 to EHA, due thirty (30) days after the Effective Date.

The portion of the penalty payment owed to OEHHA (EIN: 68-0284486) pursuant to this Section shall be delivered directly to OEHHA (Memo Line “Prop 65 Penalties”) at the following address:

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

The portion of the penalty payment owed to EHA pursuant to this Section shall be delivered directly to EHA at the following address:

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

3.2 Attorneys' 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, Settling Defendants agree to collectively pay fourteen thousand dollars and zero cents (\$14,000.00) to EHA and its counsel for all fees and costs incurred in investigating, bringing this matter to the attention of Settling Defendants, and negotiating a settlement. The fourteen thousand dollars (\$14,000.00) payment for Attorneys' Fees and Costs shall be made payable and issued in a single payment to Entorno Law, LLP within thirty (30) days from the Effective Date.

The payment for Attorneys' Fees and Costs owed to Entorno Law, LLP pursuant to this Section shall be delivered to Entorno Law, LLP as follows:

Attn: Isaac Fayman
Entorno Law, LLP
225 Broadway, Suite 1900
San Diego, CA 92101

3.3 Tax Documentation

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

4. CLAIMS COVERED AND RELEASED

4.1 EHA's Release of Settling Defendants

This Settlement Agreement is a full, final, and binding resolution of all claims between EHA, on its own behalf, and Settling Defendants 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 Settling Defendants 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 EWC Franchisor, EWC Ventures, or any of Settling Defendants' franchisees directly or indirectly distributes or sells the Covered Product, including, but not limited to, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members and licensees ("Releasees"), based on the failure to warn about exposures to BPS required under Proposition 65 in the Covered Product sold or distributed for sale in California by EWC Franchisor or EWC Ventures, or any of their franchisees, before the Effective Date, as alleged in the Notice, or for any other reason. However, this release shall not extend to any franchisees of Settling Defendants that fail to follow Settling Defendants' instructions to use BPS Free paper (as defined herein).

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 Settling Defendants 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 BPS required under Proposition 65 in the Covered Product manufactured, distributed, sold or offered for sale by EWC Franchisor, EWC Ventures, or any of their franchisees, before the Effective Date.

4.2 Settling Defendants' Release of EHA

Settling Defendants, on their own behalf and on behalf of their past and current agents, representatives, attorneys, successors, and assignees, hereby waive 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 them in this matter, or with respect to the Covered Product.

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 Product will develop or be discovered. EHA on behalf of itself only, on one hand, and Settling Defendants on behalf of themselves 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 Settling Defendants each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5. PUBLIC BENEFIT

It is Settling Defendants' understanding that the commitments it has agreed to herein, and actions to be taken by Settling Defendants 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 Settling Defendants 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 Settling Defendants' alleged failure to provide a warning concerning actual or alleged exposure to BPS prior to use of the Covered Product that Settling Defendants or any of their franchisees 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 the Covered Product addressed in this Settlement Agreement, provided that Settling Defendants are 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 to be unenforceable by a court of competent jurisdiction, 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 Settling Defendants:

Joseph Orzano
Seyfarth Shaw LLP
Two Seaport Lane, Suite 1200
Boston, Massachusetts 02210
JOrzano@seyfarth.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: 1/7/26

Date: January 21, 2026

By: 
ENVIRONMENTAL HEALTH
ADVOCATES, INC.

Signed by:
Thomas Kim
By: 5112391E7212426
EWC FRANCHISOR, LLC and EWC
VENTURES, LLC