

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 Delta Beverages L.L.C. (“Delta”), on the other hand, with EHA and Delta 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 Delta 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 Delta manufactures, sells, and/or distributes for sale in California THC-infused seltzers products that contain Δ^9 - Tetrahydrocannabinol (also known as “Delta-9-THC” or “THC”) and that it does so without first providing the health hazard warning required by Proposition 65. THC is listed pursuant to Proposition 65 as a chemical known to cause developmental/reproductive harm.

1.3 Product Description

The products covered by this Settlement Agreement are defined as, and expressly limited to, the products encompassed by the Notice (defined below) which includes THC-infused seltzers that are manufactured, sold and/or distributed for sale in California by Delta, including the Delta Light Tropical Mango THC Seltzer (“Covered Products”).

1.4 Notice of Violation

On or around February 13, 2026, EHA served Delta, the California Attorney General, and certain other public enforcement agencies with a 60-Day Proposition 65 Notice of Violation (“Notice”). The Notice alleged that Delta had violated Proposition 65 by failing to sufficiently warn

consumers in California of the health hazards associated with exposures to THC 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

Delta denies the material, factual, and legal allegations contained in the Notice and maintains that, to the best of its knowledge, all of the products it manufactured, distributed, and/or sold in California, including the Covered Products, have been, and are, in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Delta 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 Delta of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Delta. This Section shall not, however, diminish or otherwise affect Delta'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

2.1 General Warning Requirements

Commencing on the Effective Date, Delta 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, either by providing a warning on the product label or labeling that satisfies Section 25249.6 of the Act or by providing a written notice that satisfies Cal. Code Regs. Tit. 27, § 25600.2 directly to the authorized agent for the business to which they are selling or transferring the product or to the authorized agent for a retail seller, so long as the business to which they are providing the notice is subject to Section 25249.6 of the Act. Delta 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 any purchases other than internet purchases of 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 Section 25602(b)); or (3) A warning directly affixed to the product's label or tag. This product-specific warning may be accomplished by providing a written notice that satisfies Cal. Code Regs. Tit. 27, § 25600.2 directly to the authorized agent for the business to which they are selling or transferring the product or to the authorized agent for a retail seller, so long as the business to which they are providing the notice is subject to Section 25249.6 of the Act. Specifically, the following statement must be utilized:

- 1)  **“WARNING:”** [or] **“CA WARNING:”** [or] **“CALIFORNIA WARNING:”** Consuming this product during pregnancy exposes your child to delta-9-Tetrahydrocannabinol, ([Δ 9-THC] [delta-9-THC]), which can affect your child's behavior and learning ability. For more information go to www.P65Warnings.ca.gov/cannabis.

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.” Where the food exposure warning statement is utilized and is provided on the food product label, it must be set off from other surrounding information and enclosed in a box. 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.

For purposes of this Settlement Agreement, a clear and reasonable warning for internet purchases of the Covered Products shall consist of a warning that complies with the content requirements of Cal. Code Regs Tit. 27, § 25603 and that 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 Delta where Covered Products are sold into California. In addition, Delta 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 Delta to 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.

(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, Delta 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 THC in this product are no longer required, a lack of warning by Delta will not thereafter be a breach of this Agreement.

2.2 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. For the avoidance of doubt, Covered Products in the stream of commerce specifically include, but are not limited to, Covered Products in the process of manufacture.

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, Delta agrees to pay two thousand dollars (\$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. Delta 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) day 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

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, Delta agrees to pay nineteen thousand dollars (\$19,000.00) to EHA and its counsel for all fees and costs incurred in investigating, bringing this matter the attention of Delta, and negotiating a settlement. The nineteen thousand dollars (\$19,000.00) in Attorney's Fees and Costs shall be payable to Entorno Law, LLP as one payment of nineteen thousand dollars (\$19,000.00), due fourteen (14) days after the Effective Date.

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

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

3.3 Tax Documentation

Delta 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 Delta cannot issue any settlement payments pursuant to Section 3.1 and 3.2 above until after Delta receives the requisite W-9 forms from EHA's counsel.

4. CLAIMS COVERED AND RELEASED

4.1 EHA's Release of Delta

This Settlement Agreement is a full, final, and binding resolution between EHA, on its own behalf and not on behalf of the public, and Delta for all claims, actions, suits, demands, liabilities, damages, penalties, fees (including but not limited to attorneys' fees, investigator fees, and expert fees), costs, and expenses (collectively referred to as "Claims") that can or could have been asserted by EHA, on its own behalf or on behalf of its past and current agents, representatives, attorneys, successors and assignees (collectively, the "Releasers"), against (a) Delta and each of its respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, members, agents, employees, attorneys, successors and assignees, (b) any upstream supplier and downstream entity, including, but not limited to, each entity to whom Delta directly or indirectly distributes or sells the Covered Products, including, but not limited to, its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members and licensees, and (c) the respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, members, agents, employees, attorneys, successors and assignees for the entities identified in the foregoing subsection (b) (collectively, the "Releasees"), for any alleged violations of Proposition 65 or any other alleged violation of statutory or common law, based on the Covered Products up to and through the Effective Date.

In further consideration of the promises and agreements herein contained, the Releasers hereby covenant not to sue and waive any and all rights they may have to institute or participate in, directly or indirectly, any form of legal action and releases all Claims that they may have, including, without limitation, all actions and causes of action in law and in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses including, but not exclusively, investigation fees, expert fees and attorney fees against any of the Releasees of any nature, character, or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of the alleged or actual exposure to THC from use of the Covered Products up to and through the Effective Date.

4.2 Delta's Release of EHA

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

5. PUBLIC BENEFIT

It is Delta's understanding that the commitments it has agreed to herein, and actions to be taken by Delta 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 Delta 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 Delta's or any Releasee's alleged failure to

provide a warning concerning actual or alleged exposure to THC prior to use of the Covered Products they have respectively 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 Delta 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 Delta:

Elizabeth Haskins
Baker Donelson
850 Morrison Drive, Suite 775 Charleston,
SC 29403 ehaskins@bakerdonelson.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: 5/18/26

4/30/2026 | 8:55 AM PDT

Date: _____

By:



ENVIRONMENTAL HEALTH
ADVOCATES, INC.

By:

DocuSigned by:
Jack Sherrie
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DELTA BEVERAGES L.L.C.

