

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement (“Agreement”) is entered into by and between Environmental Health Advocates, Inc. (“EHA”), on the one hand, and Five Farms LLC (“Five Farms”), on the other hand, with EHA and Five Farms 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 Five Farms 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 Five Farms manufactures, sells, and/or distributes for sale in California, THC-infused gummies products that contain Δ^9 - Tetrahydrocannabinol (“Delta-9-THC” or “THC”) without first providing users of the product with a clear and reasonable warning as required by Proposition 65. THC is listed pursuant to Proposition 65 as a chemical known to cause developmental/reproductive harm. Five Farms denies all allegations asserted by EHA.

1.3 Product Description

The products covered by this Agreement are defined as and expressly limited to THC-infused gummies including but not limited to Sour Buzz 5mg THC Gummies (“Covered Products”) that are manufactured, sold and/or distributed for sale in the State of California by Five Farms and/or Releasees, as they are defined herein.

1.4 Notice of Violation

On or around February 13, 2026, EHA issued to Five Farms, the California Attorney General, and certain other public enforcement agencies a 60-Day Notice of Violation of Proposition 65 (“Notice”). The Notice provided Five Farms, and such others, including public enforcers, with notice of allegations that Five Farms violated Proposition 65 by failing to sufficiently warn consumers in

California concerning potential exposure to THC from the 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

Five Farms 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 the State of California, including Covered Products, have been, and are, in compliance with all laws. Five Farms maintains that it has not knowingly distributed, imported, manufactured, sold, or caused to be distributed, imported, manufactured, or sold the Covered Products in the State of California in violation of Proposition 65. Nothing in this Agreement shall be construed as an admission by Five Farms or any of its officers, directors, members, managers, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, marketplace hosts, or retailers of any fact, finding, conclusion, issue of law or violation of law; and compliance with this Agreement shall not constitute or be construed as an admission by Five Farms or any of its officers, directors, members, managers, shareholders, employees, agents, parent companies, subsidiaries, divisions, affiliates, franchisees, licensees, customers, suppliers, distributors, wholesalers, marketplace hosts, or retailers of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Five Farms. This Section shall not, however, diminish or otherwise affect Five Farms's obligations, responsibilities, and duties under this Agreement.

1.6 Effective Date

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

1.7 Compliance Date

For purposes of this Agreement, the term "Compliance Date" shall mean ninety days (90) after the Effective Date.

2. INJUNCTIVE RELIEF

2.1 General Warning Requirements

Commencing on the Compliance Date, and continuing thereafter, Covered Products that Five Farms directly manufactures, imports, sells, offers for sale, or “distributes for sale in California” shall be labeled with a clear and reasonable exposure warning, within the meaning of Title 27, California Code of Regulations (“CCR”), Section 25249.6, as it may be amended from time to time. As used in Section 2, “distributes for sale in California” means to directly ship the Covered Products into the State of California for sale in the State of California or to sell the Products to a distributor Five Farms knows will sell Covered Products in the State of California. Five Farms 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 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)); or (3) A warning directly affixed to the product’s label or tag. Specifically, the following statement must be utilized:

 **“WARNING:”** [or] **“CA WARNING:”** [or]
“CALIFORNIA WARNING:” Consuming this product
during pregnancy exposes your child to 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.” 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 CCR 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 CCR Section 25602(b), to the extent Covered Products are sold online, a warning that complies with the content requirements of CCR Section 25603 must be provided via one 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. 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 CCR 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 CCR Section 25600.2(b) and (c) which updates a short-form warning compliant with CCR Section 25603(c) with content compliant with CCR Section 25603(b). These requirements extend to any websites under the exclusive control of Five Farms where Covered Products are sold into California. In addition, Five Farms 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 Five Farms to provide a warning for Covered Products that entered the stream of commerce prior to the Compliance 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, Five Farms 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 the Covered Products are no longer required, a lack of warning by Five Farms 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 Compliance Date, which Covered Products are expressly subject to the releases provided in Section 4.1 of this Agreement. 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 Agreement, and subject to Section 3.3 below, Five Farms 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. Five Farms shall issue two separate checks, or issue two separate payments electronically, 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 thirty (30) days after the Effective Date.
- One payment of \$500.00 to EHA, due thirty (30) 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") via electronic payment or 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, Five Farms agrees to pay eighteen thousand dollars (\$18,000.00) to EHA and its counsel for all fees and costs incurred in investigating, bringing this matter the attention of Five Farms, and negotiating a settlement. The eighteen thousand dollars (\$18,000.00) in Attorney's Fees and Costs shall be payable to Entorno Law, LLP as one payment of eighteen thousand dollars (\$18,000.00) due sixty (60) days after the Effective Date.

All payments required under this Section shall be made payable to Entorno Law, LLP via electronic payment or delivered to:

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

3.3 Tax Documentation

Five Farms 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 Agreement. The Parties acknowledge that Five Farms cannot issue any settlement payments pursuant to Section 3.1 and 3.2 above until after Five Farms receives the requisite W-9 forms from EHA's counsel.

4. CLAIMS COVERED AND RELEASED

4.1 EHA's Release of Five Farms

This 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 Five Farms for all 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, officers, directors, shareholders, employees, agents, parent companies, subsidiaries affiliates, divisions, and/or assigns (collectively "Releasors") for failure to provide Proposition 65 warnings for alleged exposures to THC from use of the Covered Products, and Releasors hereby release any and all such claims against Five Farms and each of its respective parents, subsidiaries, affiliated entities under common ownership, shareholders, members, managers, licensors, divisions, directors, officers, members, employees, attorneys, and any entity, including, but not limited to each entity to whom Five Farms directly or indirectly distributes or sells the Covered Products, including, but not limited to, its downstream distributors, wholesalers, marketplace hosts, customers, packagers, co-manufacturers, retailers, franchisees, cooperative members and licensees (collectively "Releasees"), from all claims for violations of Proposition 65 before the Compliance Date based on exposure to THC from use of the Covered Products.

In further consideration of the promises and agreements herein contained, EHA on its own behalf and on behalf of Releasors, and not on behalf of the public, 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 Five Farms 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 THC required under Proposition 65 in the Covered Products manufactured, distributed, sold or offered for sale by Five Farms and/or Releasees before the Compliance Date.

4.2 Five Farms's Release of EHA

Five Farms, 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 Five Farms on behalf of itself only, on the other hand, acknowledge that this 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 Five Farms each acknowledge and understand the significance and consequences of this specific waiver of California Civil Code § 1542.

5. PUBLIC BENEFIT

It is Five Farms's understanding that the commitments it has agreed to herein, and actions to be taken by Five Farms under this 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 the Parties 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 Five Farms's and/or Releasees' alleged failure to provide a warning concerning actual or alleged exposure to THC prior to use of the Covered

Products it has manufactured, distributed, sold, or offered for sale in the State of California, or will manufacture, distribute, sell, or offer for sale in State of California, such private party action would not confer a significant benefit on the general public as to those Covered Products addressed in this Agreement, provided that Five Farms is in material compliance with this Agreement.

6. SEVERABILITY

If, subsequent to the execution of this Agreement, any provision of this 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 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 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 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 Five Farms:

Jennifer K. Singh
Amin Wasserman Gurnani LLP
515 South Flower Street 18th Floor
Los Angeles, CA 90071
jsingh@awglaw.com

with copy to: legal@fivecbd.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 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 Agreement may be modified only by written agreement of the Parties.

13. AUTHORIZATION

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

AGREED TO:

AGREED TO:

Date: 8/19/2026

Date: 17/08/2026

By: 
ENVIRONMENTAL HEALTH
ADVOCATES, INC.

By: 
FIVE FARMS LLC

EHA v. Five Farms Draft OOCS FINAL

Final Audit Report

2026-08-17

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