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California Aquaculture Policy Update

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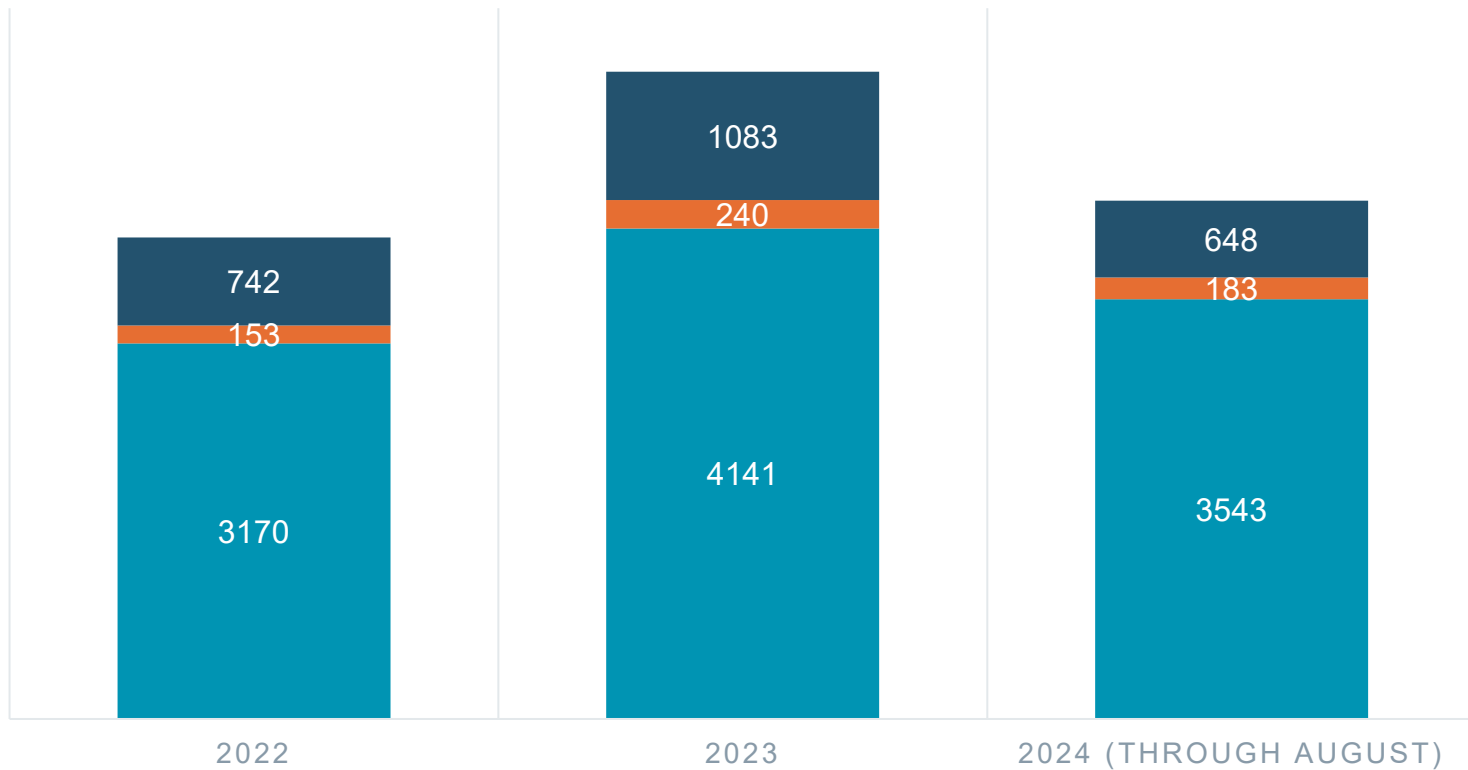
Proposition 65

- Prohibits businesses employing ten or more persons from knowingly and intentionally exposing Californians to chemicals known to the state to cause cancer or reproductive harm without first giving a clear reason.
- Applies to products sold in California – includes wholesale distribution, restaurant sales, internet sales, etc.
- No warning is required if the business can prove that the exposure falls below certain thresholds, but those thresholds are often either so low or uncertain that businesses will often provide a warning for even infinitesimally low concentrations of listed chemicals if a chemical can be detected (i.e. hospitals, Disneyland, etc.)
- Can be enforced by citizen suit or by the California Attorney General's Office.
- Increased focus on seafood products, including shellfish.
- Liable for monetary damages, labeling requirements, and attorneys' fees.

Prop 65 Overall Enforcement Trends

CHART TITLE

■ Notices ■ Consent Judgments ■ Out-of-Court Settlements



Prop 65 Short-Form Warning

- To avoid potential liability products must include a warning label for products sold or distributed in California.
- Current short-form warning:

WARNING: Cancer and Reproductive Harm -- www.P65Warnings.ca.gov/food .

- Warnings also must be conspicuously placed on sales websites where customers can purchase products for sale or distribution to California.

Prop 65 Proposed Edits to Short-Form Warning

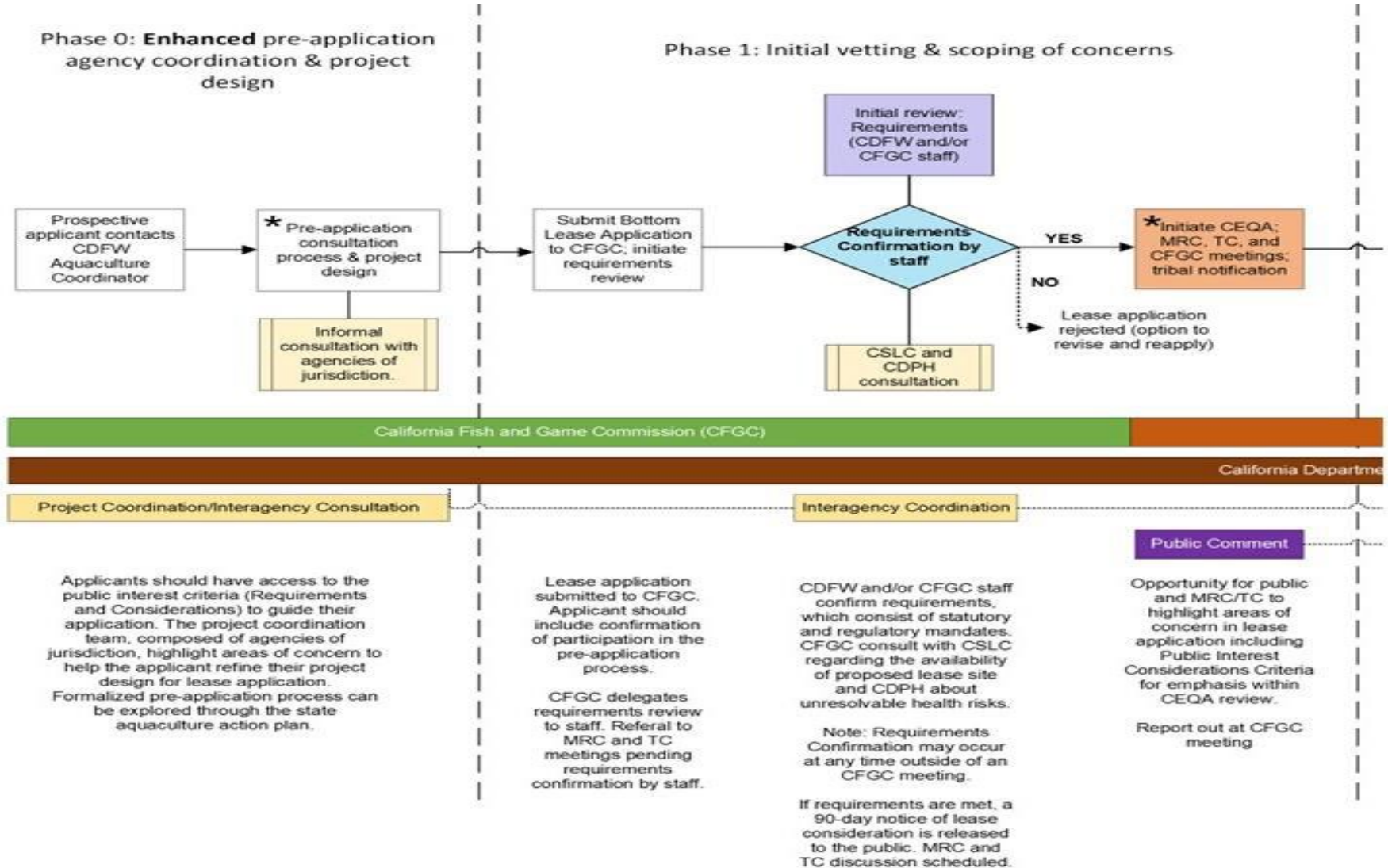
- 2023: California Office of Environmental Health Hazard Assessment proposed revisions to short-form warning (currently under consideration)
- The new short-form warning would read:
“**WARNING:**” or the words “**CA WARNING:**” or “**CALIFORNIA WARNING,**” followed by
 - “Risk of cancer and reproductive harm from exposure to [**name of chemical**]. See www.P65Warnings.ca.gov/food.” or
 - “Can expose you to [**name of chemical**], a carcinogen and reproductive toxicant. See www.P65Warnings.ca.gov/food.”

WARNING: Can expose you to lead, a carcinogen and reproductive toxicant. See www.P65Warnings.ca.gov/food.

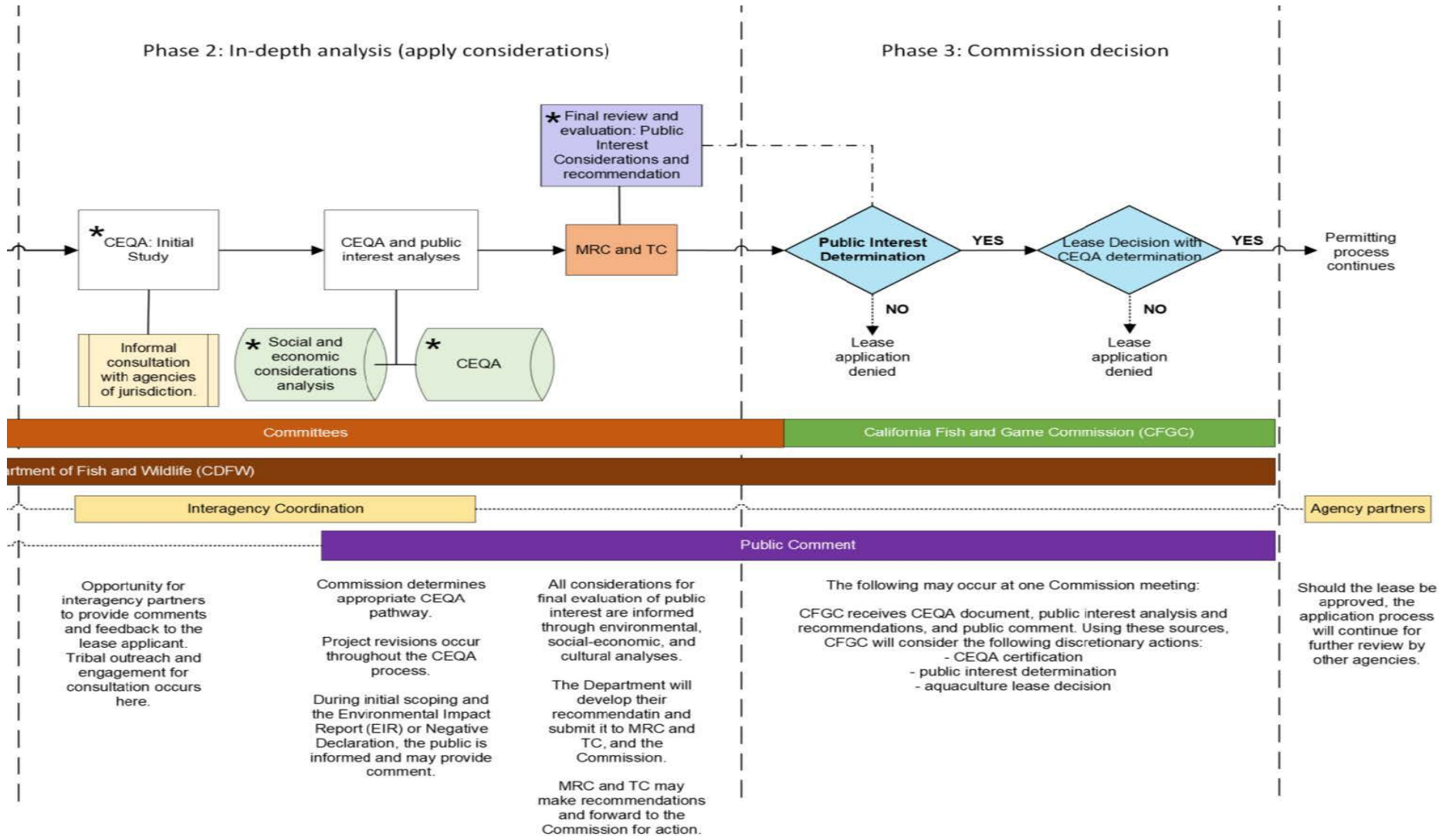
Proposition 65 Rulemaking Implementation

- Three-year transition period: current warnings that comply with existing warning language are good for three years after implementation
- Must comply within three years after the effective date of the new rulemaking
- Warnings that have been implemented as part of a consent judgement can still be used

California Fish & Game Commission Leasing



California Fish & Game Commission Leasing



Key Takeaways

- Helpful for new entrants to aquaculture industry in California
- Clearer description of public interest criteria
- May slow down processing of applications due to multiple public hearings
- CEQA is still key bottleneck to process

What's Next? Looking Ahead to 2025

- Continued development of California offshore wind projects
- Port of San Diego – Announcement and Implementation of Shellfish and Seaweed Aquaculture Program
- Establishment of Southern California Aquaculture Opportunity Area(s) (NOAA)
- Ocean Protection Council Aquaculture Guidance?

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