



**KAIVAL BRANDS INNOVATIONS GROUP, INC.**  
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**March 2022**

## **Wholesalers and Direct Retailers Agreement & Terms**

### **Eligibility and Inclusion**

The terms of this Agreement are open to acknowledged and authorized wholesalers (distributors) and direct retailers (both online and brick-and-mortar) of Bidi Vapor. All retail partners who enter into reselling and re-distributing Bidi Vapor's BIDI® Stick are bound to the terms and conditions, incumbent wholesaler, direct retailers, or any new partners.

### **Pledging in the Terms**

Bidi Vapor commits to its responsible marketing with only adult smokers as our intended audience. All wholesalers and direct retailers working with Bidi Vapor must share the same responsibility in preventing youth access to this product. Bidi Vapor strictly steers away from underage access and use in support of the current laws on vaping. As of December 20, 2019, the legal age to purchase tobacco and nicotine is 21. Selling any nicotine or tobacco product to anyone under 21 is a violation of the Tobacco 21 Federal Law.

### **Comprehensive Age-Verification Process**

Bidi Vapor will not sell to any wholesalers or direct retailers who have a history of selling to minors, as indicated in the FDA's retailer inspection database. The company ensures to conduct a comprehensive age verification process before any sale or transaction. We employ a state-of-the-art third-party company that verifies the age and identity of consumers across multiple databases to guarantee that no underage buyers get access to our products. Bidi Vapor wholesalers and direct retailers must share the same responsibility to uphold the company's policy in preventing sales to minors. To adhere to the strict age verification process of Bidi Vapor, wholesalers and direct retailers must:

- Require the consumers to present a government-issued identification card before allowing any transaction. If the third-party company fails to verify the consumer's age and identity, the purchase will be put on hold until a customer service representative confirms the identification.
- Secure online purchases with adequate age-verification online technology. Wholesalers and direct retailers must incorporate reputable age verification software to ensure that no minors can make purchases. Software or service must be pre-approved by Bidi Vapor before wholesalers or direct retailers can begin to sell Bidi Vapor products.

- All wholesale accounts and online pricing are password-protected or with a registration requirement.
- Require a signature upon delivery to ensure that the product will not fall into the hands of a minor.
- Limit the purchase quantities of flavored ENDS to 30 BIDI<sup>®</sup> Sticks per month and 4 BIDI<sup>®</sup> Sticks per day per person.
- Only allow vending machine sales of BIDI<sup>®</sup> Sticks in an adult-only facility.
- **GoPuff ([www.gopuff.com](http://www.gopuff.com)) is the only authorized online retailer of Bidi Vapor products, allowing age-verified adults to have BIDI<sup>®</sup> Sticks delivered from local retailers.**

## Mystery Shopper and Employee Training Programs

As part of our efforts to ensure our commitment to adhering to the regulations towards preventing underage selling of BIDI<sup>®</sup> Sticks, Bidi Vapor will send *Mystery Shopper(s)* to ensure that wholesalers and direct retailers are strictly complying with our stringent measures of the Age Verification Process. Wholesalers and direct retailers should also:

- Establish a hotline for reports on non-compliant sales or direct callers to Bidi Vapor's hotline at 1-833-367-2434.
- Consider establishing company policies that take employee performance on compliance checks and disciplinary sanctions for noncompliance with the illegal sale of tobacco products to persons under 21.
- Implement disciplinary actions for employee noncompliance in the selling of BIDI<sup>®</sup> Stick to minors and practice the Comprehensive Age-Verification Process.

## Product Selling to California Residents

All Bidi Vapor wholesalers and direct retailers shall agree to abide by all FDA and state law requirements with regards to advertising, marketing, and selling tobacco products:

- Sales made to California residents should comply with the California State Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65), including product packaging and website warning requirements.
- Sales with California residents should include heightened online age verification processes as mandated by California's Stop Tobacco Access for Kids Enforcement Act (STAKE Act).

## Other Terms for Wholesalers and Direct Retailers

- No giving out of free samples to customers.
- The sale and promotion of the BIDI<sup>®</sup> Stick should not be bundled with the purchase of other e-liquids and food, beverage, drug, and different types of consumable products.
- Routine audits to prevent access by minors, tampering, and access by unauthorized individuals inside the store.
- No opening of products only to sell in smaller amounts.
- No marketing of BIDI<sup>®</sup> Sticks other than for adult vaping.
- No publication and distribution of any marketing materials, product review videos, articles (offline and online) without permission from Bidi Vapor.
- Once Bidi Vapor authorizes the wholesalers or direct retailers about publishing marketing materials, placing health risks signs should be disclosed in the endorsement.
- No therapeutic and smoking cessation claims about BIDI<sup>®</sup> Stick.
- No claims about the lower risk of disease, less harmful effects, free from a substance, and reduced exposure to a substance when using BIDI<sup>®</sup> Stick.

Once you purchase BIDI® Stick on wholesale from Bidi Vapor wholesalers and direct retailers, the wholesalers or direct retailers now hold the full responsibility in ensuring that the distribution of these products adheres to a strict age verification process and marketing approach in compliance with the law.

## Pricing

After signing this agreement, Bidi Vapor wholesalers and direct retailers pricing are as follows:

- Only Registered Direct Retailers may purchase at **\$5.25 per BIDI® Stick.**
- Only Registered Wholesalers or Distributors may purchase at **\$4.50 per BIDI® Stick.**
- Flat line shipping costs will be replaced by the exact cost of shipping added to your invoice, depending on the destination.

## Breach and Penalty

Violating the terms of the Agreement under the Retailer Pledge means holding retailers and other supply chain partners accountable and imposing specific, concrete penalties for noncompliance, such as forfeiting the right to distribute the BIDI® Stick. All actions shall incur any cost for the additional work required. Wholesalers or direct retailers can refer to Bidi Vapor wholesaler and direct retailer guidelines for a more detailed list of terms and conditions online at [wholesale.bidivapor.com](http://wholesale.bidivapor.com).

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### DISTRIBUTOR

Business Name:  
Business Address:  
Business Phone:  
Business Email:

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### SUB-DISTRIBUTOR

Business Name:  
Business Address:  
Business Phone:  
Business Email: