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Age Verification Policy for Resellers

Eligibility and Inclusion

Kaival Brands Innovations Group, Inc. (“Kaival”) sells BIDI® Sticks and other age-restricted products (the “Products”) to Authorized Resellers (“you”) under the following conditions. Authorized Resellers include (1) Authorized Wholesalers (who sell to Authorized Retailers who in turn sell to End Users) and (2) Authorized Retailers (who sell to End Users). By purchasing from Kaival, you agree to follow the terms herein.

Pledging in the Terms

Kaival (and the company’s Products it resells) (“We”) commit to responsible product marketing to an intended audience of adult smokers over 21 years of age. You share the same responsibility in preventing youth access to this product. Kaival has made a choice to no longer sells directly to consumers. Kaival distributes Products through an authorized seller network. As a part of that authorized seller network, we expect you to comply with any and all laws applicable to you in the Product. Further, you must, as we do, strictly steer away people 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

Kaival will not sell to any resellers who have a history of selling to minors, as indicated in the FDA's retailer inspection database. Authorized Resellers shall conduct (or, in the case of Authorized Wholesalers, require their downstream resellers as authorized by Kaival to conduct) a comprehensive age verification process before any sale or transaction to prevent sales to minors in violation of any applicable law. To adhere to the strict age verification process:

- Authorized Retailers must require the consumers to present a government-issued identification card before allowing any transaction as required by applicable law. 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.
 - Authorized Wholesalers must require this process of their downstream sellers, and check that their buyers have such programs.
- Authorized Retailers must incorporate reputable age verification software to ensure that no minors can make purchases. Kaival reserves the right to review and approve such software Authorized Retailers can begin to sell or continue to sell Products.

- Authorized Wholesalers must password protect their sites for their Authorized Retailers and have a registration requirement.
- Authorized Retailers and Authorized Wholesalers must keep online pricing password-protected and require registration. Note: This reference to online pricing does not mean that Authorized Resellers may sell online.
- Require a signature upon delivery to ensure that the Product will not fall into the hands of a minor.
- Only allow vending machine sales of age-restricted Products in an adult-only facility.
- **GoPuff (www.gopuff.com) is the only authorized online retailer of the Products, allowing age-verified adults to have BIDI® Sticks delivered from local retailers. GoPuff has heightened requirements related to online sales.**
- A Note for Authorized Wholesalers: With regard preventing underage access to the product and marketing to underage persons, to the extent you do not control the sales practices of your resellers, you agree to act responsibly and comply with your own obligations under the law and in support of the policies herein in your role as a reseller of the age-restricted Products that you purchase and sell. For instance, although you may not control that a cashier checks IDs, you will not sell to those resellers who have a history of selling to minors, as indicated in the FDA's retailer inspection database. You will not sell to, and will cease selling to, resellers upon knowledge of underage sales of the Products or other non-compliance with the law related to sales of such Products.

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 age-restricted Products, we will send *Mystery Shopper(s)* to ensure that you are strictly complying with our stringent measures of the age verification process. Authorized Resellers should also:

- Establish a hotline for reports on non-compliant sales or direct callers to our 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® Stick to minors and practice the Comprehensive Age-Verification Process.

Product Selling to California Residents

All Authorized Resellers must 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 must include heightened online age verification processes as mandated by California's Stop Tobacco Access for Kids Enforcement Act (STAKE Act).

Other Terms

Once you purchase age restricted Products for resale or retail sale, you 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.