

Dear Valued JUUL Retailers,

JUUL Labs, Inc. (“JLI”) recently announced that it had reached agreements with eight states¹ and the District of Columbia to settle claims arising from past sales and marketing practices. These settlements follow similar settlements with over three dozen states.² All of these settlements are consistent with our ongoing efforts to reset our company and relationships with stakeholders, as we continue to combat underage use and advance the opportunity for harm reduction for adult smokers. Importantly, we look forward to working with the Attorney Generals of the settling states and other manufacturers to develop potential industry-wide sales and marketing practices to ensure a more responsible marketplace for vapor products.

In the settlement agreements in these states, JLI committed to a variety of sales and marketing practices. For the most part, **these commitments formalize practices that we had already implemented as part of our ongoing efforts to reset our company** and our relationships with stakeholders. Accordingly, these settlements will not require any significant changes for the vast majority of retailers that have been responsibly selling our products.

We do, however, want to take this opportunity to provide an overview of the settlement terms relating to the retail sales of our products so that you can do your part to continue to responsibly sell JUUL products. As part of these settlements, we have also made some changes to our Juul Labs Authorized Reseller Policy (“Reseller Policy”), which outlines the terms and conditions applicable to all customers who purchase products and accessories manufactured by Juul Labs for resale and is located at <https://www.juulabsretailer.com/reseller-policy/>.

Do the state settlements require age verification, and if so, for which customers?

Yes. In each of the settling states, retailers may sell JUUL products only to customers **21 years of age or older** and must comply with federal age verification regulations, which currently require retailers to **check photo IDs for all customers under 27 years of age**. If a customer presents an expired ID, or one without a photo, or with a photo that does not match the customer, you should not complete the sale unless you are absolutely certain that the customer is 27 years of age or older.

Do the state settlements limit the quantities that customers can purchase?

Yes, indirectly. The state settlements require JLI to take measures to limit retail transactions to 4 JUULpod packs and/or 1 JUUL Device at a time. We have incorporated these product quantity limits into our Reseller Policy, and, if you have implemented enhanced access controls (described in the appendix), your point-of-sale system automatically blocks transactions in excess of these limits. These measures help ensure that customers do not leave your store with purchased JUUL products in excess of these limits.

¹ The states are: California, Colorado, Illinois, Massachusetts, Minnesota, New Mexico, New York, and West Virginia.

² The states are: Alabama, Arizona, Arkansas, Connecticut, Delaware, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Maryland, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Vermont, Washington, Wisconsin, and Wyoming.

Is there a process for monitoring compliance?

Yes, the process for monitoring compliance with these requirements and the penalties for violations are described in the appendix.

Are there any other requirements I should be aware of?

Yes. Retailers of JUUL products must keep all JUUL products out of reach of the customer, either behind the counter or in a locked cabinet.

In addition, as of 9 months after the effective date of each state agreement, retailers in that state may no longer display any JUUL product signage that contains reference to nicotine content only by percentage of volume only (3.0% or 5.0%). If signage references nicotine content, it must disclose the amount of nicotine both as a percentage of volume and in milligrams per milliliter (mg/ml).

When do these settlements become effective?

JLI's obligations under each settlement begin when the agreement in each state becomes effective in that state. We will maintain the list of state settlements and their effective dates on our Juul Labs Retailer website, <https://www.juulabsretailer.com/news/>.

What if I have questions?

- Visit our website for more information <https://www.juulabsretailer.com>
- Contact your Juul Labs Sales Representative or email retailers@juul.com
- Call our Call Center at 1 (855) 780-7966 between 9 AM to 9 PM ET

We sincerely appreciate your continued support of our mission and look forward to working together to sell our products responsibly and combat underage use.

Sincerely,

Juul Labs, Inc.

Appendix

Is there a process for monitoring compliance?

Yes. Under the terms of the settlement, JLI is required to conduct regular “Mystery Shop” compliance checks. These Mystery Shops check whether retailers are complying with either age-verification requirements or product-quantity limits. Stores that fail a compliance check of either type will be notified and re-shopped within 90 days. Repeat failures occurring within one year of the first violation will lead to escalating penalties, as indicated below and as reflected in our updated “Penalty Enforcement Policy for Retailer Compliance Checks” (Reseller Policy, Schedule C):

- **First Failure:** Warning letter will be sent to retailer
- **Second Failure:** A suspension from any program and promotional payments for 2 calendar quarters beginning the second full quarter following the second consecutive failed mystery shop. All payments attributed to impacted store(s) that would have otherwise been issued during the suspended quarters will not be fulfilled.
- **Third Failure:** 3-year suspension from selling JUUL products, meaning that distributors will block you from buying JUUL products during this time
- **Fourth Failure:** A ban on selling JUUL products, meaning that distributors will block you from buying JUUL products indefinitely

In addition to JLI’s Mystery Shop Program, the U.S. Food and Drug Administration conducts its own retail compliance audits, and state regulators may as well.

Does JLI share the results of its Mystery Shops?

Yes. JLI will share the list of stores that have failed more than one Mystery Shop per year with relevant wholesalers, distributors, and other partners so that they can execute any applicable promotional and program activities suspension or sales ban.

In addition, under JLI’s settlements, JLI must report the results of its Mystery Shop Program in a state to that state’s Attorney General every six (6) months. Additional information related to JLI’s Mystery Shop Program may be shared with federal and state state regulators and enforcement agencies.

The best way to comply with the age-verification and product-quantity limit requirements – and to ensure that you pass any Mystery Shop – is to integrate **Enhanced Access Controls (“EAC”)** with the point-of-sale system.

What are Enhanced Access Controls?

Enhanced Access Controls are point-of-sale technology tools and procedures designed to ensure that the purchaser of JUUL products is at least 21 years of age, and to limit the amount of product that can be purchased to restrict bulk-purchasing. Enhanced Access Controls include the following:

1. Implementation of a point-of-sale system capable of the following:
 - A. Electronically scanning government-issued identification to verify that the purchaser is at least 21 years of age and the identification is not expired, and automatically blocking transactions where these conditions are not met; and
 - B. Automatically blocking any transaction that involves more than 1 JUUL Device and/or 4 packs of JUULpods per transaction.
2. Visually confirming that the purchaser matches the individual represented on their identification.

Adopting EAC gives retailers the confidence in knowing that all non-compliant transactions will automatically be blocked. If you haven't adopted EAC, or if you want to learn more about selling JUUL products responsibly, please visit our website for more information and: <https://www.juulabsretailer.com/>.