TOBACCO/NICOTINE, E-CIGARETTE, AND PARAPHERNALIA MERCHANT AGREEMENT ADDENDUM V1.6

This is an Addendum (this "Addendum") to the Merchant and/or ACH Origination Agreement (the "Agreement"), between , (the "Merchant"), ISO, and Bank/ODFI ("Bank") as defined in the Agreement.

This Addendum shall be deemed to be integrated into and added to the Agreement. The Addendum shall be fully subject to all the terms and conditions of the Agreement. This Addendum shall be additive to the Agreement and shall not limit or supersede any of the Agreement's terms. For any conflict between the Agreement and this Addendum, the Agreement shall control. All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

As a condition of rendering the Services to Merchant, Merchant must execute this Addendum, making each of the acknowledgements, representations, warranties, and/or agreements contained herein.

Representations, Warranties and/or Acknowledgements.

- Merchant is engaged in the business of offering tobacco, paraphernalia, vapor, e-cigarette, nicotine and/or related products.
- Merchant has obtained, and throughout the term of the Agreement will maintain, all local, state, and federal licenses, registrations, and approvals required to conduct such business in the location(s) in which Merchant conducts business and/or as required based upon where Merchant's customers reside.
- All statements by Merchant on applications for such licenses, registrations, and approvals were true and shall remain true. Merchant agrees to provide proof of the same to ISO or Bank upon request.
- Merchant understands that the requirements related to sale of the above products may vary based on the type of transaction involved (i.e., Card-Present and Card Not Present), and that Merchant must apply to be approved for different types of processing. Merchant agrees to comply with the Rules and Applicable Law in regard to the types of Transactions involved, including, without limitation, Card-Present and Card Not Present Transactions.

Websites and URLs. Merchant agrees to disclose to ISO each and every URL it uses to sell its products or market its business to consumers. This includes an obligation to update ISO as to any new or changed URLs. Merchant acknowledges and agrees that ISO (or a vendor engaged by ISO) will monitor their URLs monthly, and that **Merchant will be charged a fee of $15.00 per URL per month for such monitoring.** This fee will begin upon ISO's acceptance of the Agreement and shall continue for each full or partial month in which the Agreement is in effect. Merchant authorizes ISO to initiate debit entries for the foregoing fee on a monthly basis from the Operating Account or any other account authorized by the Agreement.

Merchant's Special Compliance Obligations under Association Rules. The Agreement requires Merchant to abide by all Association Rules. Without limiting or narrowing that obligation in any way, Merchant specifically agrees as follows:

- Merchant attests they will not sell any prohibited or unqualified products without obtaining approval from ISO, which prohibited products may include, without limitation, cannabidiol (CBD) and/or kratom, through services provided by ISO. Products can be considered prohibited and/or unqualified at ISO's sole discretion. Merchant understands any sales of prohibited or unqualified products through services provided by ISO can result in immediate termination of the Agreement.
- **Visa/MasterCard Registration.** To ensure compliance with Association Rules, Merchant understands ISO may, with or without notice, register Merchant with the Associations for special acceptance of Transactions related to Merchant's restricted industry. Whether and to what extent any Association may require Merchant's registration and the associated fee may depend on whether Merchant is selling physical products. These fees are charged per-Association, upon approval of the Agreement, and annually thereafter.
  - **Card- Not-Present Tobacco and Nicotine Sales:** In the event Merchant is approved for card-not present tobacco and nicotine sales, Merchant acknowledges that it must register through ISO with MasterCard and Visa for Card acceptance, which is a non-refundable and non-transferable, per-Association, annual registration fee, which is charged upon approval of the Agreement, and then annually each year, for so long as the Agreement remains in effect. Prior to April 1, 2024, the fee shall be $500.00 for Visa, and $500.00 for MasterCard. Effective on or after April 1, 2024, the initial and annual registration fee shall be as follows: $500.00 for MasterCard, and $950.00 for Visa. In each case, the registration

annual registration fee shall be as follows: $500.00 for MasterCard, and $950.00 for Visa. In each case, the registration fee shall be per-Association; shall be non-refundable and non-transferrable; and shall be charged upon acceptance of the Agreement and annually thereafter, for so long as the Agreement remains in effect. Whether and to what extent any Association may require Merchant's registration and the associated fee may depend on whether Merchant is selling physical products.

- Merchant authorizes ISO to initiate debit entries for the above-referenced registration fees, with or without notice, as required to maintain Merchant's registration, from the Operating Account, the Reserve Account, or any other account maintained by Merchant in accordance with the terms and conditions of the Agreement. The registration described herein shall not operate as a waiver of Merchant's indemnity obligations, including, without limitation, Merchant's responsibility for any assessments, penalties, fines or fees.

Merchant's Acknowledgement of Special Laws Applicable to Merchant's Industry. The Agreement requires Merchant to abide by all Applicable Laws and Association Rules. Without narrowing or limiting that obligation in any way, Merchant specifically acknowledges and agrees to be compliant with the following:

- The Contraband Cigarette Trafficking Act (18 U.S.C. Chapter 114);
- The Stop Tobacco Access to Kids Enforcement Act (STAKE Act);
- Furthermore, Merchant agrees to the following, in accordance with the Rules and Applicable Law:
  - Merchant will use proper age verification protocol when transacting, including without limitation in a card-absent environment, in order to adhere with all applicable local, state, and federal laws regarding sale of Merchant's products. Merchant understands that certain products may only be sold with the consumer/Cardholder present, and agrees to adhere to the Rules and Applicable Law in conducting Card Not Present sales.
  - Merchant shall not engage in any marketing that targets youth to increase their appeal.
  - Merchant shall not market any product that promotes any tobacco product that can be used with ease and in a concealed method, including without limit, pullover or backpack products that allow products to be used for vaping without raising attention to parents, teachers, or other adults.
  - Merchant shall not sell any product that features graphic images that imitate food products that are typically marketed toward and/or appealing to children.
  - To the extent required by the Rules and Applicable Law, Merchant shall not sell any disposable vaping product.
- **Marketing Authorization.** Merchant shall ensure that for every tobacco product, there exists a valid and approved Premarket Tobacco Product Application; it has a certified Substantial Equivalence marketing order from the FDA; or have obtained written notification that the FDA has granted the product an exemption from demonstrating substantial equivalence. In addition, at least 90 days before commercially marketing the product, merchant must have submitted a report notifying FDA of the intention to do so and established that the product is covered by a granted exemption.
- To the extent required by the Rules and Applicable Law, Merchant shall not sell any cartridge-based product (other than tobacco or menthol flavored); any product that the manufacturer has failed to take adequate measures to prevent underage access; nor any tobacco product that is targeted to youth or likely to promote use by youth.
- Merchant's, including without limitation its affiliates, websites, promotional or marketing material, advertisements, and disclosures must explicitly state that it will not participate in internet, mail order or telephone order sales and shipment of any tobacco or nicotine products to anyone under the legal age. Additionally, proper and applicable disclosures must be present as required by Applicable Law, including without limitation nicotine warnings.
- Merchant's website must specifically contain the following warning statement on all products. WARNING: This product contains nicotine. Nicotine is an addictive chemical.
- To the extent required by the Rules and Applicable Law, Merchant must not make any advertisement, statement, or claim

that represents explicitly or implicitly that: (1) the products present a lower risk of tobacco-related disease or is less harmful than one or more other commercially marketed tobacco products; (2) the products or their smoke contain a reduced level of a substance or present a reduced exposure to a substance; or (3) the products or their smoke do not contain or are free of a substance.

- Merchant shall utilize the necessary software and/or third-party vendors to assist with the compliance regarding age verification and state shipping and taxing regulations, and shall be responsible for same.
- Merchant shall ensure that it and/or its vendors shall hold a General Certificate of Conformity (GCC) under Consumer Product Safety Commission's (CPSC) Child Nicotine Poisoning and Prevention Act of 2015 related to all applicable products.
- All products and product combinations sold meet the requirements dictated under 16 CFR 1700.15 and are tested by an independent third party under 16 CFR 1700.20 through its manufacturing vendors and come with a Certificate of Analysis and a Safety Data Sheet.
- To the extent required by the Rules and Applicable Law, Merchant's suppliers shall all confirm that they are compliant with all applicable laws, rules, and regulations and shall have all the necessary licenses and registrations, including without limit a Tobacco Distributor License.
- To the extent required by the Rules and Applicable Law, Merchant warrants that Merchant's products are entirely legal smoking products and accessories which are not intended for use with any illegal substances.

Miscellaneous.

- **Notice.** Merchant will immediately notify ISO and Bank in writing of any inquiry, investigation, complaint, charge, subpoena, claim, civil investigative demand, request for information, judgment, injunction, restraining order, cease and desist order, any similar judicial, quasi-judicial, administrative, or executive order, or any license or permit revocation or cancellation, by any local, state or federal law enforcement or regulatory agency, entity, or official in connection with or relating to Merchant's business including without limitation any complaints, charges or claims against Merchant by any customers of Merchant or by any local, state or federal official.
- **Indemnity.** In addition to the indemnity obligations set forth in the Agreement, Merchant will also indemnify and hold ISO and Bank harmless from and against any and all losses, costs, liabilities, damages and expenses (including attorneys' fees and collection costs) resulting from or incurred in connection with any breach of the Agreement including and as modified by this Addendum, and/or resulting from or incurred in connection with any inquiry, investigation, complaint, charge, subpoena, claim, or request for information of or against Merchant, or against or involving ISO or Bank in connection with Merchant, by any local, state or federal law enforcement or regulatory agency in connection with or relating to Merchant's business including without limitation any complaints, charges or claims by any customers of Merchant or by any local, state or federal official.
- **Termination.** Merchant understands that ISO or Bank may terminate the Agreement effective immediately in the event of any breach of this Addendum, upon an Event of Default, and/or as otherwise set forth in the Agreement.

Legal Advice. This Addendum is not legal advice to Merchant from Bank and/or ISO. Merchant is strongly encouraged to obtain its own legal counsel regarding matters of compliance in its business; however, Merchant shall be responsible for complying with Association Rules and Applicable Law, regardless of whether it chooses to obtain legal counsel, and may be required to provide legal opinions as may be provided herein or the Agreement.

Merchant:

By: Print Name:

Its:

Dated: