Since 2018, the U.S. Hemp Authority (USHA) certification program - the industry's initiative to provide high standards, best practices and self-regulation – has provided consumers, retailers, policymakers and law enforcement confidence in non-intoxicating hemp and CBD products. Dozens of hemp companies have been awarded the USHA certification seal, assuring that their products meet the program's rigorous, industry-refined standards and procedures, as confirmed through an independent review by a third-party auditing firm. The USHA self-regulation program has been especially important in maintaining trust in the industry given the continued absence of federal regulations for hemp products.

In recent years, the hemp marketplace has dramatically transformed. Now a significant majority of the hemp products being sold can potentially cause intoxication or impair consumers. Delta-8 THC and Delta-9 THC hemp products have become particularly prevalent and are surging in popularity; however, they are also raising concerns about quality control in a federally unregulated market. Importantly, recent studies have shown that too many children are accessing these products due to inappropriate marketing and/or a lack of age-verification at the point of sale.

The adult-use cannabinoid marketplace is fueling the nascent hemp industry and expanding hemp's reach and impact. It can no longer be ignored. Misguided policymakers have led efforts to ban these products, which would return the hemp industry back to the dark days of prohibition, deny consumers the products they want, and shutter thousands of small businesses that expended their time and treasure on the Farm Bill's promise of a bright future for hemp. Fortunately, some states have stepped into the breach with reasonable regulations. Meanwhile, there is no indication that we will see federal action to address these products properly in the near future. This is an abdication of the federal government's responsibility to establish and enforce standards for consumable products and we will continue to advocate for appropriate federal regulations.

USHA's Board of Directors has once again decided to step into the breach. In order to reshape public policy around hemp, and to build confidence among both retailers and consumers, we have launched an Adult Use Hemp Product Certification Program.

The new Adult Use program will leverage the classic US Hemp Authority Certification Program as its foundation since the existing program continues to provide the gold standard for certifications among hemp products.

The classic USHA certification standard for non-intoxicating products (<u>click here</u>) will provide the baseline requirements for USHA's new Adult Use seal, ensuring that products are not accessed by minors, are produced using good manufacturing practices, employ truthful and standardized labeling, and conform with other measures that the FDA requires for dietary supplements and food and beverages. However, in addition to maintaining the same requirements and specifications of the existing program, the Adult Use Hemp Product Certification Program requires additional compliance points in order to ensure that product manufacturers and distributors operate in good faith.

The goal of the Adult Use certification program is to promote safe products and standardized labeling while restricting access by minors so that adults can make informed decisions about the hemp products they decide to purchase and use. Restricting cannabinoid products solely based on their capacity to cause intoxication or impairment not only pushes them into the black market where no regulations or safety standards exist, but also takes away the right of adults to make educated choices about the products they consume. When Adult Use hemp products are made safely, labeled appropriately, and restricted from being accessed by children the hemp industry can thrive while simultaneously providing safe products to a rapidly growing number of adult hemp consumers - a classic "win-win" scenario.

For the purpose of this program, ingestible hemp products qualify as "Adult Use" if they are designated as such by their manufacturers and/or distributors and confirmed by the program itself. Any topical product at any federally designated THC level, and any non-intoxicating and non-impairing ingestible products can continue to secure certification under the classic USHA standard for non-intoxicating products. Products designated as "Adult Use" must follow these additional compliance points:

Labeling

Along with our robust labeling requirements for the existing program, for Adult Use products, we will require the label to be compliant with the ASTM *Standard Specification for Label Content and Style, Format, Location, and Prominence of Elements for Consumer Products Containing Cannabinoids* (*D*8449 – 23), including the ASTM *Standard Specification for International Symbol for Identifying Consumer Products Containing Intoxicating Cannabinoids* (*D*8441/*D*8441*M* – 22).

ASTM, a third-party, non-profit, industry-run organization, has worked closely with the hemp industry to create these standards. Adoption of these standards will increase consumer education and confidence.

Child Resistant Packaging

Adult Use products must use child resistant packaging. For this program, all Adult Use products except for single-use items and beverages must have certified and tested child resistant packaging to ensure that children do not have access to them. Child resistant packaging shall conform with the Poison Prevention Packaging Act (2 Code of Federal Regulations, Title 16, Part 1700.1(4)): "Special packaging" means packaging that is designed or constructed to be significantly difficult for children under 5 years of age to open or obtain a toxic or harmful amount of the substance contained therein within a reasonable time and not difficult for normal adults to use properly, but does not mean packaging which all such children cannot open or obtain a toxic or harmful amount within a reasonable time.

Age Verification

To further ensure that children do not have access to Adult Use products, they may not be sold to any person under the age of 21. As such, suppliers must implement appropriate and true age

verification protocols and procedures at all points of sale to consumers that they directly control. This is different and more robust than "age-gating", which is easily circumvented. By way of example, a point of sale may be a retail location owned by the distributor or it may be virtual such as an eCommerce website. In these instances, actual verification of age will be required in a substantive manner, and a simple "click here if you are 21 years of age or older" will not suffice nor be required as this does not actually restrict purchases by minors.

Age-verification options include manual ID verification and third-party services such as AgeChecker.net, etc.

Cannabinoids Allowed

At this time, the program will only certify Adult Use products that contain Delta-9-tetrahydrocannabinol (D9) and/or Delta-8-tetrahydrocannabinol (D8. The program will not currently accept THC-O, THCp, Delta-10-tetrahydrocannabinol, HHC, or other novel cannabinoids. Note that non-intoxicating cannabinoids such as CBN can still be certified under the classic USHA program.

Purity Standards for Conversions

Since some D9 and all D8 is made from a conversion process, the program will need to ensure that these conversions are being performed according to the highest standards in the industry. As such, THC from conversions must meet or exceed 95% **known cannabinoids**, not 95% of the target cannabinoid.

In addition, any chemicals or compounds used during the conversion process must be disclosed to the program and tested for in final product form to ensure that they are not present.

Good Manufacturing Practices for Adult Use Products

As set forth in the classic USHA certification program standard 4.0, "Good Manufacturing Practices" (GMP) are "the principles for the methods to be used in, and the facilities and controls to be used for, the manufacture, packaging, labeling, holding and distribution of drugs, dietary supplements, foods and cosmetics. The principles are set forth to ensure that such products meet the requirements of safety, have the identity and strength, and meet the quality and purity characteristics that they are purported to possess. The U.S. Food and Drug Administration (US FDA) has established regulations for Current GMPs (CGMPS) in the Code of Federal Regulations (CFR) for drugs (21 CFR 210/211), dietary supplements (21 CFR 111), and foods for humans (21 CFR 117)[.]" Adult Use products must meet the appropriate GMP for their intended use.

Third-Party Testing

To ensure product purity and labeling accuracy, all products must undergo potency and purity testing by third-party ISO accredited laboratories.