Chevron

memorandum

To	Retailers and Marketers
From	Americas Products
Date	September 27, 2019
Re	Cannabidiol-Containing Products

Retailers and Marketers:

This is an update on Chevron's policy for cannabidiol-containing ("CBD") products. As with any other products, Chevron and Texaco retailers and marketers must comply with all federal, state and local laws and regulations relevant to the use and operation of their stations and the stations they supply. Although the 2018 Farm Bill legalized the sale of hemp at the federal level, this does not mean that all CBD products are now legal.

Chevron encourages retailers and marketers interested in selling CBD products to conduct due diligence regarding the product supply chain and federal, state and local requirements and consult an experienced attorney in doing so. Below are some general guidelines, but Chevron takes no responsibility for the legality or validity of CBD products or the current status of the laws and regulations for CBD products. As always, Chevron and Texaco retailers and marketers remain responsible for complying with the law and ensuring the products they sell comply.

First, any CBD products offered for sale must be derived from hemp and must contain less than .3% tetrahydrocannabinol ("THC"). The 2018 Farm Bill only legalized the sale of CBD products that are derived from the hemp portion of the Cannabis sativa L. plant and that contain less than .3% THC. Since this legalization just took effect at the beginning of 2019, the supply chain for these products is relatively new and CBD products may not meet these requirements even if the suppliers claim they do. The United States Food and Drug Administration (the "FDA") recently reported that many of the CBD products tested do not contain the CBD levels the products claimed to contain. Chevron does not endorse any CBD products or suppliers.

Second, any CBD products offered for sale may not be ingestible or make health claims. The FDA has made clear that the agency continues to regulate both ingestible CBD products and topical CBD products that make health claims and that the agency will take enforcement action pending its review of these products. This limits the legalization to only topical CBD products, like lotions, creams and balms, that do not make health claims. In the last few months, the FDA has issued several warning letters to topical-CBD-product suppliers for making health claims, prompting merchants like CVS to remove those products from their shelves. CBD products that are more likely to be in demand at convenience stores, like drinks, gummies and other food items, are not currently legal.

Third, any CBD products offered for sale must comply with all other legal requirements, including state law and local ordinances. The 2018 Farm Bill does not prevent states and local authorities from regulating CBD products more strictly than federal law. Many states have their own requirements for CBD products and others are adding them or updating existing ones. The sale of CBD products must comply with all relevant laws, including state and local laws and regulations and other federal requirements.

Fourth, any CBD products offered for sale must be consistent with the high-quality image of the Chevron and Texaco brands and not appear to be drug paraphernalia. Chevron's retailer and marketer agreements make clear that Chevron and Texaco stations must always convey "a consistent, instantly recognizable, attractive, and first-class image" and prohibit "the sale of any illegal or illicit drug or substance (such as synthetic drugs) or any drug-related paraphernalia or equipment." Accordingly, the sale of CBD products at Chevron and Texaco stations must always be conducted in a professional and high-quality manner that does not appear to promote the sale of any illegal or illicit drug or any drug-related paraphernalia.