



## California Terpene Company Regulatory statement and process

### Our Process and Values

- IP created and protected cultivars: Best of Breed CA Classic Cannabis strains, bred to be low-THC, High-Terpene producing flower.
- Sun Grown in California
- Our flower is fresh harvested and extracted at the peak of its Terpene yielding age. We never dry or cure any of our raw goods.
- Fresh Cannabis flowers are commercially SubCritical H2O extracted on premises within an hour of being harvested.
- To ensure the highest quality terpene products, we have developed and implemented rigorous quality control and operational standards based on industry best practices, regulatory requirements, ISO-9001, GMP, and food grade standards (collectively, "Safety Standards").

### How we Comply

- CTC has developed partnerships with breeders to work on strain specific genetics with low THC that allows us to work under the hemp regulatory framework.
- Agriculture Improvement Act of 2018 (2018 Farm Bill) removed hemp from Schedule I of the federal Controlled Substances Act (CSA), Hemp is no longer federally regulated as a controlled substance.

- The State of California is currently in the process of submitting its State Hemp Plan, required under the 2018 Farm Bill, for review and approval by the USDA.
- In the meantime, California continues to operate its hemp program under the protection of the 2014 Farm Bill.
- In addition to completely removing hemp from the CSA, the Farm Bill allows protections for the transportation of hemp across state lines, no US State may prohibit the interstate transportation or shipment of hemp lawfully produced.
- The USDA Office of the General Counsel has made clear that these transportation protections apply not only to States operating under the 2018 Farm Bill, but the 2014 Farm Bill as well.
- The 2018 Farm Bill legalized industrial hemp to be treated as any other commodity, including the right to export and be imported by any country in which Hemp and Hemp importation is legal. In particular, in Canada where Hemp is legal and regulated through Health Canada, Hemp importation is permitted and clearly defined.
- The terms "cannabis" and "hemp" receive specific treatment depending on statutory construction at the State or Federal level. Regardless of designation, both cannabis and hemp are sourced from the same genus and species - *Cannabis sativa* L. "Hemp" is generally defined as an agricultural product derived from *Cannabis sativa* L with less than .3% THC. The Low-THC Cannabis, as applied, fits within the regulatory definition of hemp and is regulated as such, avoiding the difficult and restrictive legal cannabis permitting landscape. Industrial hemp is often associated with uses derived from the seeds, stalks and fibers.

## Product Safety Statement

California Terpene Company, LLC is a terpene-focused essential oil company.

To ensure the highest quality terpene products, we have developed and implemented rigorous quality control and operational standards based on industry best practices, regulatory requirements, ISO-9001, GMP, and food grade standards (collectively, "Safety Standards"). As a Company, we strive to set the safety benchmark for the emerging terpene industry.

Specifically, CTC's Safety Standards include:

- Limiting the application of pesticides and other non-organic materials during cultivation of raw material and conducting pesticide testing on manufactured products.
- Utilizing 100% clean water-based steam distillation for the extraction of raw crude oil.
- Utilizing food-grade equipment for both steam distillation and laboratory post-processing and refinement.
- Utilizing food-grade packaging for all products.
- Development of products under sanitary conditions that minimize risk of exposure to undesirable contamination.
- Implementation of an ISO-9001 compliant Quality Management System, incorporating an overall Quality Policy as well as step-by-step employee instructions for maintaining all Safety Standards.
- Providing training and education to employees regarding hygienic and compliant production of terpene products, including routine sanitization and strict use of PPE.
- Application of these standards to all contractors and suppliers.

All terpene products sold by CTC are manufactured pursuant to these Safety Standards. Several of the terpenes included in our array of products have been designated Generally Recognized

as Safe (“GRAS”) by the U.S Food and Drug Administration (“FDA”). A GRAS designation means the FDA has formally recognized that those certain terpenes are safe for human consumption as flavoring agents in food (21 CFR 172.515). Furthermore, our terpene products contain no amount of Vitamin E Acetate, Squalene, Propylene Glycol, or Triglycerides. Lastly, our terpenes are naturally derived from cannabis in full compliance with all applicable laws and regulations.\*

As part of our commitment to maintaining safety and in alignment with our Quality Management System, we periodically evaluate internal compliance with the above standards and all applicable laws and regulations.

CTC consistently strives to meet and exceed customer expectations and will regularly update our standards and policies to ensure they continue to reflect our Company’s values.