Body and Mind
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Muskegon, Michigan 49442
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STANDARD OPERATING POLICIES AND PROCEDURES 2023

NMG MI 1, Inc.

Adult Use License No. AU-R-000617
885 E. Apple Ave.
Muskegon, Michigan 49442

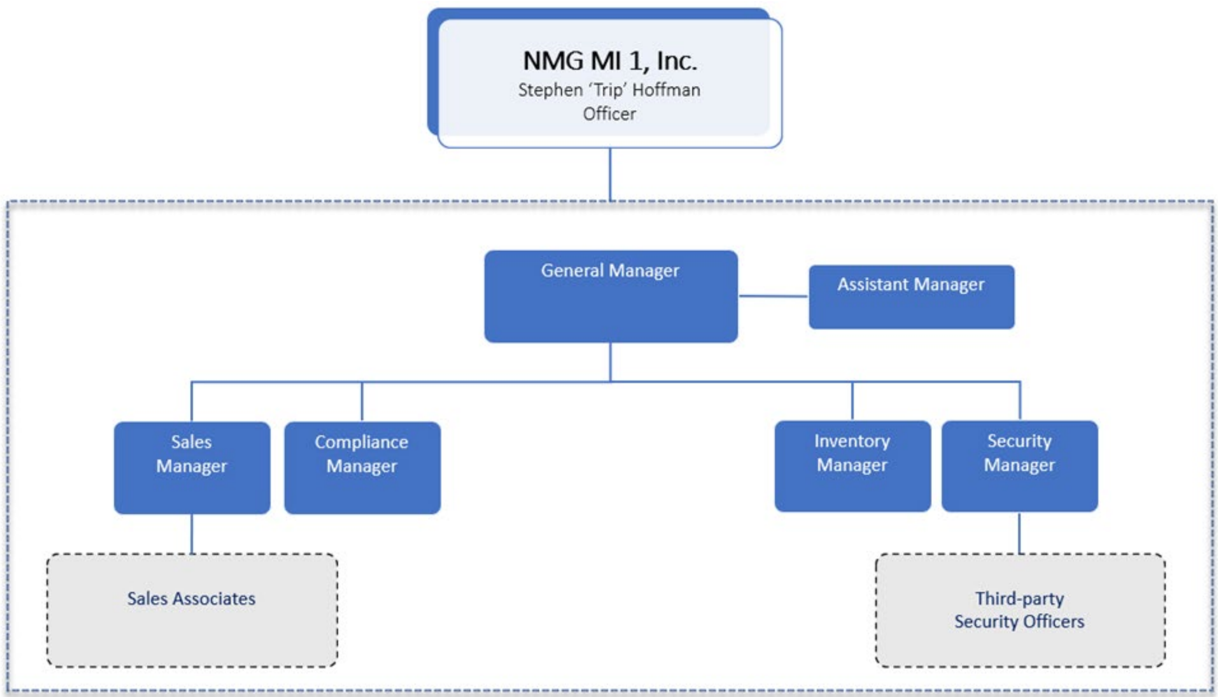
Contents

Business Operations

Organization

NMG MI 1, Inc. (hereinafter the "Company") designed its Standard Operating Procedures ("SOPs") to clarify facility operational policies and procedures and to acquaint employees with the rules concerning customers, inventory management, and general business practices. Company reserves the right to modify, rescind, delete, or add to the provisions of these SOPs from time to time in its sole and absolute discretion and guidance from the State of Michigan Marijuana Regulatory Agency (collectively, the "Agency").

Organizational Chart



General Manager

The facility has designated the General Manager to train and supervise employees.

Hours of Operation

Operational hours at the facility will be 9am-9pm, Monday through Sunday.

Emergency Contacts

1. Zachary Middleton, General Manager

Telephone: (616) 710-8060

Email: *zacharymiddleton@bodyandmind.com*

2. Stephen Hoffman, Chief Operating Officer

Telephone: (303) 396-5921

Email: *triphoffman@bodyandmind.com*

Closing During Normal Business Hours

If the facility needs to be closed during normal business hours for any reason, then the following steps must be taken:

- Inform the General Manager and Chief Operating Officer immediately.

Permitted Activities

The Company is an adult-use marijuana retailer, which authorizes the Company to conduct the following activities:

Adult-use Marijuana Retailer

- Purchase or transfer of marijuana or marijuana-infused products from a licensed marijuana establishment.
- Sale or transfer of marijuana or marijuana-infused products to a licensed marijuana establishment and an individual 21 years of age or older.
- Transfer marijuana to/from a licensed Safety Compliance facility for testing, by means through a licensed Secure Transporter.

To conduct the permitted activities listed above, employees must ensure the following occurs:

- All transfers of marijuana to the Company must be transported by a licensed Secure Transporter.
- Before selling any marijuana, verify the individual appears to be 21 years of age or older by means of a governmental-issued photographic identification that contains a date of birth and the sale will not exceed the single transaction limit.
- Enter all transactions, current inventory, and other information into the statewide monitoring system.
- All marijuana sold must be tested and bear the required labels for retail sale.

Prohibited Activities

The Company, its employees, and customers are prohibited to conduct the following activities onsite:

- Sale, consumption, or serving food.
- Consumption, use, or inhalation of a marijuana product.
- Permit anyone other than employees, escorted visitors, and the Agency to access the limited access areas.

- Permit anyone other than employees, qualifying customers, and the Agency to access the restricted access area.
- Violate the Natural Resources and Environmental Protection Act.
- Any activity not permitted under state and local rules and regulations.

Premises

Facility

The facility is a fixed, standalone building that was designed with distinct and identifiable areas, separate entrances and exits, inventory, recordkeeping, and point of sale operations. Access to the facility's limited and restricted access areas are restricted to the licensee, employees of the licensee, escorted visitors, and local and state agencies. The restricted access area includes the sales area, where qualifying customers may enter after presenting identification to reception and security. The facility has a separate room that is dedicated as the point-of-sale area for the transfer or sale of marijuana product, with all marijuana products behind the counter or in secured, locked cabinets to ensure that a customer does not have direct access to the marijuana products.

Entering the Facility

The facility has a check-in area and waiting room. A Security Officer must be stationed at the front of the facility to help ensure the safety and security of our customers. Upon entering the facility, each visitor must check in with reception to check their identification and verify their age. After the customer is checked in and verified, the customer may be permitted into the sales area by an employee who will unlock the door that separates the waiting room and sales area. The door between the welcome and sales areas are equipped with commercial grade locks and security card reader devices to limit access in the sales area to only qualified individuals.

Restricted Access Area

The sales area where qualified customers may view and purchase products is a restricted access area. After the customer checks in with reception, an authorized employee may unlock the door to the sales area for the customer to enter. At this point, the customer may meet with sales professionals, view products, ask questions, review literature, and purchase products and devices. All marijuana products are enclosed in locked cases for customers to view, which will only be accessible by an authorized employee. Once the customer selects a product, the employee may unlock the case, pull the product, and begin the checkout process at the point-of-sale station.

Limited Access Area

The facility maintains a limited access area, where marijuana is received, processed, and stored for sale. This area of the facility will be comprised of the employee breakroom, offices, storage, saferoom, and shipping and receiving areas. Access to the limited access area is limited to authorized employees and visitors and only accessible with an employee keycard.

Sales Location

Once an order is ready to be finalized, the employee must verify that all products have the required labeling information covering product origination, test results, and appropriate naming and information data. The employee must scan the product information of the items being purchased into the POS system and all the required information to be recorded will be entered into a record on the POS system. The employee must print and verify all required labeling information and package the products in a childproof, tamper-resistant bag. Once all product information is verified, labels and warnings printed and placed on the product, and the payment is processed in the POS system, the employee may deliver the receipt and product bag to the customer. In the event a sale is denied, a log must be created in the records containing all information received from the customer, including date, time, name, identification information (if retained), and reason for denial. Prior to any sale or transfer, employees must verify the product in the statewide monitoring system and not sell or transfer marijuana product that has been placed on administrative hold, recalled, or ordered to be destroyed.

Product Display Cabinets

Marijuana may only be exhibited to customers in secured product display cabinets in the sales location area. **Only employees are authorized to access products**. Displaying products in the sales area in secured storage cabinets provide customers with an opportunity to look at marijuana and merchandise, and review information about products. Every product must contain a display card that lists information about the product, such as THC and CBD levels, type of strain, and product name. When a customer is ready to make a purchase, the authorized employee may unlock the display cabinet, pull the product, and meet the customer at the POS station to finalize the sale.

Saferoom

Our saferoom was built and designed to organize product by type and expiration date. During the Company's regular hours of operation, marijuana must be stored in a safe and secure manner for authorized employees and managers to access. At the end of each day, all marijuana products must be moved to the saferoom and sorted according to its type and expiration date. Employees may not sell or store any marijuana or marijuana product that is within three days of its expiration date, past its expiration date, or has not passed all mandated laboratory tests. Employees must ensure all marijuana is stored under appropriate conditions to ensure its packaging, integrity, quality, and purity are not negatively affected.

Menus

The facility menu is interconnected to the POS system and provides real-time inventory update of products for customers. Our menu is displayed on large monitors that show the product and list the name, type of strain, amount of THC, available quantities, and purchase price in the sale and waiting rooms. For customers who want to review the product catalogue before arriving at the facility, the menu is also located on the Company's website and provides real-time inventory updates, the facility's address, hours of operation, telephone number, and education materials for customers to review.

Educational Displays

Employees must display consoles in the sales and waiting rooms with purchaser education materials, such as pamphlets, brochures, information graphics, cards, and other literature about marijuana. All educational materials are provided to customers at no cost and include information about marijuana and devices, such as types of marijuana, descriptions about processed and unprocessed marijuana, consumption laws, and storage. Every brochure must list toll free telephone numbers for rehabilitation clinics, poison control center, and substance abuse hotlines.

Online Orders

The Company maintains a website for customers to review educational materials and place online orders for instore pickup. All online orders are transmitted to the POS. Employees may only accept an online order request of a marijuana product and payment for the order from the following:

- An individual 21 years of age or older

Required Postings

Licenses and Permits

The Company is required to display in its facility copies of the following:

- State License
- Certificate of Occupancy
- Sales Tax License

Plans and Elevation Drawings

At all times, the facility must maintain detailed plans and elevation drawings on premises that show all operational areas of the facility and made available to the Agency upon request.

Marijuana Products and Devices

The Company sells all legal product types in the State of Michigan including flower, oils, concentrates, edibles, topicals, capsules, tablets and tinctures. All products are required to satisfy the State mandated compliance testing for microbials, pesticides, and heavy metals.

Products

<u>Flower</u>: Purchased from cultivators in sealed, odor-proof, and child resistant containers consistent with state and local standards.

<u>Oil Cartridges</u>: Concentrated marijuana oil filled in cartridges and consumed through vaporization using a vaporizer battery.

<u>Edibles</u>: Come in a variety of ways, including gelatinous cubes, cubed shaped lozenges, cookies, brownies, pretzels, chocolate, and other edible formats permitted by the State. Edibles are designed for ingestion through chewing or holding in the mouth for slow dissolution.

<u>Tinctures</u>: Administered orally, sublingually, or in tandem with a beverage that come in small glass bottles with droppers as caps or small sealed cardboard box shell packaging.

Concentrates: Highly potent THC and/or CBD concentrated mass. Concentrates and extracts are usually consumed through vaporizing, which are commonly referred to as wax, shatter, badder, resin, rosin, crumble, or sauce, and packaged in small glass containers that are sealed with child-resistant plastic cups.

Topicals: Marijuana-infused products designed to be applied directly to skin to relieve conditions for customers. If available from the state licensed processors, the Company will carry lotions, oils, patches, sprays, soaps, lubricants, bath salts, cool or warm balms, and other topicals made with essential oils and other organic materials.

Capsules and Tablets: Come in pill form, used as a vehicle to administer marijuana through ingestion. Capsules range from a single cannabinoid to full-spectrum or strain-specific oil. Typically, capsules containing marijuana are not strain-specific and are labeled by their cannabinoid contents, such as THC capsules and THC+CBD capsules.

Product Devices

Vaporizer: Heat active molecules in marijuana flower, oil, and concentrates. While most are handheld, vaporizers come with different functionalities and application. Vaporization is generally considered a less harmful alternative to smoking, as it occurs at temperatures that prevent the marijuana from combusting. Marijuana combustion can release harmful tar and carcinogens.

Batteries: If available from local manufacturers, the Company sells a variety of batteries for use with vaporizing connected oil cartridge types when they become permitted by the State.

Storage of Marijuana Products

All marijuana products must be stored in the limited access area or restricted access area and must be identified and tracked in the statewide monitoring system. In the Sales Room (restricted access) all marijuana products must be kept in the locked product display cabinets and behind the counter, so customers cannot directly access the products. In the Safe Room (limited access) all marijuana products must be stored according to the types and expiration dates. All cleaning products and other facility supplies must be separately stored away from marijuana products.

Marijuana products are only permitted to be stored in the following locations:

- Sales Room (restricted access)
- Saferoom (limited access)

Purchase Limits

The POS system has automated logic that works in real-time communications with the statewide monitoring system, to track and limit purchase amounts by any customer if necessary. Specifically, the system validates the customer record and looks up the amounts of product purchased during the recent time. During checkout, the POS system compares the amounts of product being purchased to the legal amounts allowed and prevent any sale over the daily and monthly legal limits for that customer.

The following purchasing limits must be enforced:

Adult use

- For individuals 21 years of age or older under adult-use sales, single transaction that exceeds 2.5 ounces, except that not more than 15 grams of marijuana may be in the form of marijuana concentrate.
- No more than 3 immature plants to a customer per transaction.

Packaging and Labeling

Before receiving marijuana from a licensee or selling marijuana to qualified customers, employees must ensure that all marijuana products are sealed and labeled with the following information:

- The name and the state license number of the producer, including business or trade name, and tag and source number as assigned by the statewide monitoring system.
- The name and the marihuana license number of the licensee that packaged the product, including business or trade name, if different from the producer of the marihuana product.
- Unique identification number for the package or the harvest, if applicable.
- Date of harvest, if applicable.
- Name of strain, if applicable.
- Net weight in United States customary and metric units.
- Concentration of Tetrahydrocannabinol (THC) and cannabidiol (CBD) as reported by the laboratory after potency testing along with a statement that the actual value my vary from the reported value by 10%.
- Activation time expressed in words or through a pictogram.
- Name of the laboratory that performed any test, and any test analysis date.
- The universal symbol for marihuana product published on the agency's website.
- A warning that states all the following:
  - "It is illegal to drive a motor vehicle while under the influence of marihuana."
  - "National Poison Control Center 1-800-222-1222."

For marijuana infused products and edibles, employees must ensure that the following information is listed on the label:

- The name of the product
- Ingredients
- Net weight or net volume of the product
- For an edible product, the following information:

- Allergen labeling as specified by the Food and Drug Administration (FDA), Food Allergen Labeling and Consumer Protection Act of 2004.
- If any health or nutritional claim is made, appropriate labeling as specified by the federal regulations regarding Food Labeling, 21 CFR part 101

Opening and Closing the Facility

Opening the facility

At the beginning of each day, employees opening the facility must compete the following items:

1. Upon entering the facility, make sure the door is closed behind you and disable the alarm.
2. Clock in.
3. Turn on all lights.
4. Turn on scales.
5. Make sure all equipment is functioning.
6. Check the video surveillance screens to ensure all cameras are working properly.
7. Log into statewide monitoring system.
8. Open daily inventory tracking sheet.
9. Change date.
10. Add names of all employees working that day.
11. Count all front-of-house inventory item and record as starting amounts in the inventory tracking sheet.
12. Compare to ending amounts from prior day.
13. Ensure that all inventory counts from the start of day agree with the prior end of day amounts.
14. Any front-of-house inventory discrepancies must be recorded in the inventory tracking log and addressed with the General Manager.
15. Count all cash from the safe and make sure they add up to correct amount.
16. Sign off on correct daily count log, as well as prior day closing paperwork.
17. Update inventory tracking sheet.

Closing the facility

Before completing any closing tasks, employees must secure the facility by completing the following steps:

1. Run inventory.

2. Upload statewide monitoring system.
3. Count cash in safes
4. Check and verify that security equipment is functioning.
5. Lock the front door.

Running Inventory

1. Count all inventory and record on inventory tracking sheet in the PM Section.
2. Go to the inventory page of the statewide monitoring system and export the end-of day inventory list.
3. Enter the inventory amounts in the inventory tracking sheet next to the physical count values and compare.
4. If any inventory units are not in agreement between the statewide monitoring system and the physical count, notify the General Manager immediately.
5. If the inventory difference is easily explained, the General Manager must make the appropriate adjustments and record the actions in the inventory events log.
6. If the inventory difference is suspected to involve any form of diversion, local authorities and the Agency must be notified immediately, and a description of the event must be recorded in the inventory events log.
7. Print an accurate running inventory tracking sheet and file it in records storage.

Upload State-approved tracking system METRC

1. Export the day's transactions in the form appropriate to upload into the state-approved tracking system METRC.
2. Upload the transaction file into the state-approved tracking system METRC.

Counting Cash in Safes

1. Take the till count sheet from safe.
2. Physically count all the cash in the safe.
3. Figure out how much is there to deposit.
4. For any discrepancies over $5 write reason in the Safe notation section.
5. Write amount and sign off on Daily Till Count Log.
6. Write amount on Cash Form for deposit and fill out any excess information.
7. File deposit in deposit-bags and place in safe.
8. Make sure safe is locked.

Other Closing Tasks

1. Turn off scales.
2. Clean dishes.
3. Sleep all computers.
4. Wipe down tables and counters.
5. Take out trash and cardboard recycling.
6. Turn off all lights.
7. Set alarm, lock door, and double check that the door is locked after exiting.

Curbside Order Structure

Curbside Orders

NMG MI 1, Inc. dba BaM Body and Mind is permitted to deliver curbside orders to authorized customers. Curbside orders are delivered directly to the customer at their vehicle in the designated curbside parking space located at the dispensary.

Curbside orders must be placed online or by telephone before arriving at the dispensary. When a customer arrives and parks their vehicle in the designated curbside parking space, they must notify the dispensary by text message at **(231) 900-8416**. In turn, staff must text the customer with an estimated time of service.

Parking Areas

The dispensary has assigned 2 parking spaces for curbside pickup located in the dispensary parking lot. Curbside parking spaces must remain well-lit and be monitored by video surveillance during operating hours. The designated curbside parking spaces and all curbside delivery transactions must be monitored and recorded through video surveillance. Only parking spaces marked and operated by the dispensary may be used for curbside orders.

Signage

Each designated curbside parking space has a sign with instructions for customers on how to check in and complete a curbside order, which includes a phone number to send a text message with the parking stall number to notify the dispensary about their arrival. Signs must remain in each designated parking space.

Personal Protective Equipment

Staff may wear protective facemasks and nitrile gloves for all curbside transactions.

Anti-theft

To prevent theft, all employees must verify the customer's identification and order matches the order received at the dispensary and all cash must be received and processed before delivering the order to the curbside customer.

Bags

All marijuana products transferred during a curbside transaction must be in an opaque bag and the contents must not be visible to the general public upon pickup.

Curbside Order Procedures

Customers

Customers must place curbside orders by telephone, through various third-party access sites, or directly online by visiting the dispensary's live menu through multiple access portals.

To order curbside online, customers must:

1. Place their order online at various third-party portals or at: https://bodyandmind.com/michigan/muskegondispensary/
2. Select all items to be purchased.
3. Select "**curbside**" during checkout.
4. Note the vehicle description and license plate number in the notes section.
5. Once the order is finalized online, customers will be notified on the screen that their order will be ready for pickup within a certain amount of time, as determined by the dispensary Manager.

Customers may also place their curbside order by calling: **(231) 900-8416.**

Preparing the Order

Once the curbside order is received, staff must prepare the order. To prepare a curbside order, staff must:

1. Receive the curbside order alert in the POS station assigned to receive curbside order types and select the order.
2. Assemble the order by gathering each item ordered and scanning it into the POS system.
3. Designate the order for curbside delivery by writing the customer's name and order number and placing a curbside pickup sticker on the package.
4. Once the order is prepared, place the order on the designated table in the back office.
5. Indicate in the POS system that the order is ready for pickup.

Customer Arrival

Upon arrival at the dispensary, the customer must park in the designated curbside parking space and send a text message to **(231) 900-8416** to indicate that they have arrived and the parking stall number they have parked. Upon receiving the text message from the customer that they have arrived at the dispensary, staff must reply by text message that a staff member will arrive at their vehicle within 15 minutes to complete their order.

Example text reply to customer:

"Thank you for shopping at Body and Mind! A staff member will greet you at your vehicle within 5-10 minutes to complete your curbside order."

Curbside Transaction – One Agent

Once the customer is parked and the order is ready, staff members must:

1. Greet the customer at their vehicle and verify the identity of the purchaser and the legal age of all passengers in the vehicle.
2. Ensure that the person who ordered curbside pickup is the same as the ID verified of the person in the vehicle.
3. Check in the customer at the customer's vehicle through a mobile tablet. Once the customer is checked in, the customer will be categorized in the POS as "Waiting Orders."
4. Review the order and verify the total with the customer.
5. Ask if the customer wants to pay by cash or debit card.
6. Process payment through the debit card machine or prepare the change due to the customer from the cash bag/apron.
7. Once payment is processed, return to the dispensary through the front entrance.
8. Retrieve the order and return to the customer's vehicle through the front entrance of the dispensary.
9. Provide the customer with the order and receipt.
10. Thank the customer.

Curbside Transaction – Two Agents (Agent 1 and 2)

Once the customer is parked and the order is ready, staff members must:

1. Agent 1 must greet the customer at their vehicle and verify the identity of the purchaser and the legal age of all passengers in the vehicle.
2. Agent 1 must ensure that the person who ordered curbside pickup is the same as the ID verified of the person in the vehicle.
3. Agent 1 must check in the customer at the customer's vehicle through a mobile tablet. Once the customer is checked in, the customer will be categorized in the POS as "Waiting Orders."
4. Agent 1 must review the order and verify the total with the customer.
5. Agent 1 must ask the customer if they want to pay by cash or debit card.

6. Agent 1 must process the payment through the debit card machine or provide change due to the customer from the cash bag/apron.
7. Agent 1 must communicate with Agent 2, or the managing curbside agent inside the store, that the order has been verified, paid, and is ready for fulfilment by Agent 2.
8. Agent 2 must retrieve the order from inside of the dispensary and return to the customer's vehicle through the front entrance of the dispensary with the order.
9. Upon arriving to the customer's vehicle, Agent 2 must provide the customer with the order and receipt.
10. Thank the customer and immediately return to the dispensary.

Cash Management

The curbside agent is to prepare a cash bag or cash apron with enough change to make change for customers that pay with cash. This curbside agent is to treat this cash as a separate till in the POS system, selecting this curbside terminal as if it is a separate register, recording the starting amount of cash, and closing it out periodically throughout the day to keep the total cash in the cash bag/apron at a manageable amount.

Changing a Curbside Order

In the event the customer would like to change the order, staff must write down the changes and process those changes in the store at the designated curbside delivery POS station before processing the order. Since the total amount due may change, staff must notify the customer of any such changes.

Responding to Issues

Below are some potential issues that staff may encounter and solutions on how to resolve it.

Customer has a minor (under 21 years of age) inside of the vehicle.

Politely inform the customer that a curbside order cannot be processed with an underage person inside the vehicle. Also inform them that we can adjust the order from curbside to in-store pickup and allow the customer to finalize the order inside the dispensary. If the customer agrees, politely request they move their vehicle to a non-curbside parking space and enter the store to finalize the order. All complaints must be directed to the Manager on duty.

Customer parks in curbside parking but does not intend to purchase at curbside.

Politely greet the customer at their vehicle and request they move the vehicle if they intend to shop inside and not utilize curbside ordering. If the situation escalates, inform the Manager on duty. All complaints must be directed to the Manager on duty.

Customer requests to view products before making purchase at curbside.

Politely inform them that customers may not view products outside of the store.

Customer received the wrong item at curbside or wants a refund or return.

Inform the Manager on duty about the return, refund, or wrong order. The Manager will come to the vehicle to inspect the order. The Manager may direct the customer to park in another designated area, while their refund or exchange is being processed in the dispensary. Product exchanges and returns must also be captured by video surveillance and documented in the dispensary's return and refund log.

Receiving

Deliveries

1. Upon delivery of new package, sign in courier as a visitor, record their identification information, and escort the courier to the package receiving area.
2. Retrieve the check or checks from the safe if payment is ready.
3. Open all boxes and locate the RFID tags.
4. Review the inventory manifest and make sure to check three (3) things:
   - Match the RFID tag number on the physical item to the RFID tag number in the manifest
   - Match the physical item for each RFID tag to the item description in the manifest for each RFID tag.
   - Count the physical items for each RFID tag and compare to the item counts listed in the manifest for each RFID tag.
5. Print the time and date products received on the manifest, and then sign and print your name on the bottom of the manifest.
6. If any of the deliverable items do not agree with the manifested details, inform the General Manager, who must decide to take one of the following actions:
   - Reject the entire manifest.
   - Reject any mismatching line items.
   - Accept the manifest, making appropriate adjustments to the actual item amounts received in the formal state-approved tracking system METRC during acceptance.
7. Review the invoice and make sure all product and pricing is correct.
8. If correct, stamp the invoice, sign, date, and write check #. Have the courier sign to ensure they received the check.
9. If there is no payment prepared, check with the General Manager on how to proceed.
10. Review testing status in the statewide monitoring system, METRC.
11. If the product is not cleared or approved, contact vendor to return product.

12. Verify all labeling information.
13. If not meeting state standards for ingredients, test results, and required warnings, immediately contact the vendor to return product.

Accepting Product

1. Log in to state-approved tracking system METRC.
2. Make sure you have the correct license # selected.
3. Click the transfers tab then the incoming tab.
4. Find correct transfer by checking the manifest identification number on the physical manifest record against the list of incoming manifests.
5. Ensure that all information is correct, adjusting any line items as instructed by the General Manager.
6. Click receive.
7. Next log into the Track and Trace System and record the RFID tag.
8. Verify that all information is correct on the screen.
9. If item has never been in facility, add this item to the catalog at the bottom of the page.
10. Fill in required fields using the manifest and invoice, paying special attention to the subcategory, price and unit of measure.
11. Print barcodes for the correct number of items.
12. Sticker all product, add to shelves, and run inventory if necessary.
13. Stock out and put away any extra product in stock room.

Cash Handling Procedures

Although the facility does not actively use or store cash, there may be times when it may be necessary to handle and store cash received from buyers. In the event the facility receives cash, the following steps must be followed for all cash handling processes:

Pre-Opening

1. General Manager must count all cash on hand in the Safe to confirm all cash from prior day is accounted for.
2. Record the cash levels in the Cash Ledger under the day's "Beginning Cash on Hand Balance."
3. Count all cash deposited into the Safe from prior day and validate it against the sum of each sale recorded in the count sheets. Discrepancies more than five dollars ($5) must be recorded in a slippage tracking log and must be reported and investigated by the General Manager.

Deposits

- On the scheduled pick-up dates, the General Manager must prepare a deposit for pick up by the scheduled armed cash pick-up service for deposit into the business bank account. The deposit must be recorded as a withdrawal from the cash funds in the cash log.
- On deposit pick up dates, the armed cash pick-up service must record the unique serial ID of the tamper-evident, sealed cash deposit bag, enter that serial identification number in a log sheet with the date, time, amount, and ID number of the armed cash pick up service employee, and proceed to take the cash to the federal treasury for deposit on behalf of the business bank account.

Destruction and Disposal

Disposal

Employees must promptly dispose of unusable marijuana with a permitted solid waste facility for final disposition, which includes compostable and non-compostable mixed waste. Before disposing of any unusable marijuana or rendering it as unusable, employees must do the following:

- Weigh, record, and enter the information in the statewide monitoring system.
- General Manager will verify and document the event and store the records electronically.
- Render the waste into an unusable and unrecognizable form through grinding by incorporating non-consumable solid waste, such as paper, plastic, cardboard, food, or fermented organic matter, so that the resulting mixture is not less than 50% non-marijuana product waste.
- Manage all the waste pursuant to part 111 of the Natural Resources and Environmental Protection Act.
- Dispose, label, and store waste in a secured waste receptacle and transported by a licensed municipal solid waste landfill.

Waste Storage Area

All marijuana waste must be stored and disposed of in a manner that:

- Minimizes the development of odors that could present a public nuisance.
- Minimizes the potential for such waste to attract, harbor, or become a breeding place for pests.
- Protects against contamination of marijuana, contact surfaces, and other facility areas, water supplies, and grounds surrounding the facility.
- Prevents diversion, theft, or loss of marijuana.
- Ensures traceability through internal documentation and real-time electronic tracking in the Statewide monitoring System.
- Stores it in a secured and locked waste container within an area covered by continuous video surveillance.

Waste and Disposal Log

Every disposal must be recorded on a waste disposal form and include the following information:

- The date and time of disposal.
- The manner of disposal.
- Volume and weight of solid waste used to render the marijuana unusable.
- Reasoning and description of the disposal.
- Signature of the Manager overseeing the disposal.
- The batch number or numbers, volume, and weight of any marijuana extract or plant materials.
- The lot number, registered product name, volume, weight, and unit count.

Adverse Events and Recalls

Adverse Reactions

Products returned to the facility are prohibited from being resold, repackaged, or otherwise transferred to a customer or other licensee. In the event a customer returns a cannabis product that is reported to have caused an adverse reaction or is determined to be defective, the General Manager must complete the following:

1. Track the return in the statewide monitoring system as waste.
2. Destroy the product within 90 calendar days of discovering an adverse event or reaction.

Within 1 business day of becoming aware of an adverse reaction, the Company must complete the following:

1. Notify the Agency
2. Enter into the statewide monitoring system of any adverse reaction to a cannabis product sold or transferred by the facility.

Mandatory and Voluntary Recalls

If a mandatory or voluntary recall is required, the following steps must be followed:

1. Inform the General Manager.
2. Using the Statewide monitoring System, generate a report to show all vendors that have issued the recalled product.
3. Contact each licensed facility by telephone and email.
4. Direct each licensed facility to coordinate a pick-up of all recalled product from the facility to be returned and destroyed.
5. Report the recall with the Agency.

Recalled Products

The General Manager must secure, isolate, and prevent the distribution of marijuana that may have been affected by a recall and remains in Company's possession. The General Manager must wait to dispose of such items until it receives the Agency's approval. The manner of disposal of the recalled marijuana must include the following information:

- The date and time of disposal.
- The manner of disposal.
- Volume and weight of solid waste used to render the marijuana unusable.
- Reasoning and description of the disposal.
- Signature of the Type 1 employee overseeing the disposal.
- The batch number or numbers, volume, and weight of any marijuana extract or plant materials.
- The lot number, registered product name, volume, weight, and unit count.

Audits

The General Manager must oversee and ensure compliance with laws and administrative codes, including reporting to the State, reconciling inventory and accounting records, and overseeing business operations. To do this, the General Manager and Chief Operating Officer must conduct regular audits of SOPs, monitor legislation and amendments to state and local rules, and update training materials to reflect any changes in regulation. The General Manager may address any deficiencies with employees and work together to train and improve policies and processes. The Company may also conduct monthly, quarterly, and annual regulatory audits, regularly interview employees and managers, develop a list of regulatory issues and address them with managers and employees, perform vulnerability tests, engage third-party advisors, audit every practice and procedure, and train employees to identify and report incidences of non-compliance.

Notification, Reporting, and Inspections

Reporting

The Company has a continuing duty to provide the Agency with up-to-date contact information and notify the Agency in writing of any changes to the mailing address, phone numbers, electronic mail addresses, and other contact information. All material changes to the business must be reported to the Agency that are required by the State of Michigan, which includes the following:

- Changes in owners, officers, members, or managers.
- Change of equipment
- Violations of a local ordinance or zoning regulation, as it relates to the activities licensed under the MRA rules.
- The addition or removal of persons disclosed in the original application for licensure.

- Change in entity name
- Changes or modifications to the business before or after licensure that was not pre-inspected, inspected, or part of the business location plan or final inspection, including the following:
    - Operational or method changes requiring inspection under the MRA rules
    - Additions or reductions in equipment
    - Increase or decrease in the size or capacity of the business
    - Alterations of ingress or egress
    - Changes that impact security, fire safety, and building safety.

Within 1 business day of becoming aware, or should have become aware, the Company must report the following to the Agency:

- Adverse reactions to a marijuana product sold
- Criminal convictions, charges, or civil judgments against the Company
- Regulatory disciplinary action taken against the Company

Withing 10 business days of the initiation or conclusion, the Company must report the following:

- New judgments
- Lawsuits
- Legal proceedings
- Charges
- Governmental investigations

Upon Agency request, the Company is also required to produce financial statements of its total operations, which must be reviewed and certified by a Certified Public Accountant.

Inspection and Investigations

All employees must permit the Agency to conduct inspections at the business through its investigators, agents, auditors, or State Police, which includes inspecting and examining the business, its records, and individuals employed by the business.

When an Agent of the State arrives as the facility, employees must follow these steps:

- Ask the person to identify themselves by showing credentials and log their name and contact information into the visitor logbook for record-keeping.
- Conduct yourself in a professional and respectful manner under all circumstances.
- Call the General Manager as soon as possible.

- Answer any questions to the best of your knowledge and escort them to any area of the facility they are requesting to inspect.
- If you are unsure how to answer a question, wait for the General Manager to arrive or connect the Agent by phone.
- Government employees are authorized to look at records, manifests and logbooks, so provide them with access to any of those items.
- Take notes about the questions they ask and the answers you provide in response.
- If access is needed to the video surveillance systems, the General Manager must assist them following the Video Security Management Procedure.

Advertising and Marketing

Prohibited Activities

The Company follows all advertising and marketing rules, as outlined in the local and state regulations. Employees may not engage in advertising or marketing that:

- Appeals to minors
- Is false or misleading
- Promotes overconsumption
- Depicts actual consumption or persons under 21 years of age
- Makes any health or medicinal claims
- Includes images of marijuana leaf or bud.
- Markets to members of the public, unless there is reliable evidence that more than 70% of the audience or readership is reasonably expected to be over the age of 21 years of age.

For adult use marijuana products, advertisements must include the term, “marihuana” and for use only by individuals 21 years of age or older.

Displays and Apparel

In addition to above, the following activities are strictly prohibited without General Manager approval:

- Display external signage larger than 16 inches in height by 18 inches in width that is not attached to the facility’s exterior.
- Illuminate a sign advertising a marijuana product or strain.
- Advertise marijuana brand names or utilize graphics related to marijuana on the facility’s exterior.

- Display marijuana, marijuana products, or marijuana paraphernalia that is visible from the exterior of the facility.

Web Channels

The following activities on the web are strictly prohibited:

- Provide a medium for website users to transmit website content to individuals under the age of 21.
- Target a consumer group with a high likelihood of reaching individuals under the age of 21.
- Transact business or otherwise facilitate a sales transaction to consumers or businesses.
- Maintain a web presence that would otherwise violate the Agency rules.

Internet Outage

Overview

In the event of an internet outage or wireless disconnection, the General Manager or Assistant Manager must immediately create a wireless internet hotspot through the facility's cell phone and connect the workstations to the new wireless internet hotspot. The General Manager and Assistant Manager are the only employees permitted to have and maintain the wireless internet hotspot password.

Preparation

1. Verify that all printers are hardwired and plugged directly to the workstations. All printers must be connected directly to the workstations.
2. Verify that the Company Cell Phone is not connected to any wireless network.
3. Verify that the Company Cell Phone has a Personal Hotspot option under **Settings** or **Cellular.**
    - If there is no Personal Hotspot option on the Company Cell Phone, immediately contact the Company Cell Phone provider to add a Personal Hotspot option.

Create a Personal Wireless Internet Hotspot

The General Manager must enable a wireless internet hotspot through the Company Cell Phone.

1. Go to **Settings** in the Company Cell phone.
2. Go to **Cellular** or **Personal Hotspot** selection and enable the **Personal Hotspot**.
3. Enable **Allow Others to Join** to ensure the workstations can connect to the hotspot.
4. Find and remember the personal hotspot password.

Connect Workstations to the Wireless Internet Hotspot

The General Manager must connect each workstation to the new wireless hotspot, including the statewide monitoring system.

1. Click on the wireless symbol located at the bottom right-hand corner of the workstation.
2. Find and click the new wireless internet hotspot connection that was just created on the Company Cell Phone.
3. Click **Connect**.
4. Type the password listed under Personal Hotspot on the Company Cell Phone.
5. Click **Next**
6. If the workstation successfully connects to the new wireless hotspot, repeat steps 1-3 for each workstation.

Troubleshooting Workstation Internet Connections

1. Confirm that the correct password was entered to connect the workstation to the new wireless internet hotspot. Reenter the password again.
2. If you are still unable to connect the workstation to the new wireless internet hotspot, go to **Control Panel.**
3. Select **Network and Internet.**
4. Select **Connect to a network**.
5. Find and click the new wireless internet hotspot connection you just created on the Company Cell Phone.
6. Click **Connect**.
7. Type the password.
8. Click **Next**
9. If the workstation successfully connects to the new wireless hotspot, repeat steps 1-8 on each workstation.
10. If there is still no connection, immediately contact the General Manager.

Confirm Connections

The General Manager must confirm that all workstations are functioning properly after connecting to the wireless hotspot.

1. Check to make sure the workstation is connected to the new wireless internet hotspot connection.
2. From the statewide monitoring system stations, open Weave and make sure the software opens and functions properly.

3. From the Check-in station, open the verification software and make sure it opens and functions properly.

Monthly Hotspot Tests

Every month, the General Manager and Assistant Manager must conduct a test to make sure the Cell Phone creates a personal hotspot and workstations can be connected to the wireless internet hotspot.

1. Follow all the steps outlined under Internet Outage.
2. If the connection to a wireless internet hotspot fails, immediately contact the General Manager.

Inventory and Recordkeeping

Inventory Manager

Our Inventory Manager, under the direction of the General Manager, must ensure that real-time inventory of marijuana is adequate to meet customer demand by following inventory schedules and reviewing customer trends identified by our POS system. Although the General Manager is the primary oversight of the Company and performs the daily reconciliations, the Inventory Manager must work closely with the General Manager to accurately track inventory, engage suppliers, and coordinate purchase orders.

Point of Sale System

Functionality

The Company uses Weave IQ ("Weave") as its Point of Sale (POS) system, which easily integrates with the State's statewide monitoring system, METRC. Weave utilizes a secure cloud infrastructure, the Google Cloud Network, and built a certified, HIPPA compliant database that utilizes industry best practices for securing customer and business records and information.

Secure API

Through a secure API, Weave can report customer lists, transactions (real-time or daily), track and adjust inventory, and report taxes in reconciliation with METRC. Weave tracks data points of sales, including location, license numbers, dates, times, receipt numbers, customer name, customer limits, transaction IDs, employee names, product information, product categories, product weight, including amounts of THC, CBD, CBG, and CBN, customer tax classification, state taxes, marijuana taxes, local taxes, product codes, unique IDs, vendor licenses, units of measurement, quantity sold, cost of goods sold, discounts, and contact information for customers. Weave follows state requirements to create labeling specific to each state's product labeling requirements.

Point-of-Sale Security

Customer confidentiality means protecting private information about customers who purchase marijuana at the facility. Employees are required to use complex, secure passwords and two-factor identification to log into the POS. The POS system encrypts all data upon entry, does not send any customer personal information to a payment processor, and protects the POS from malware infections by blocking other applications and web browsers. The Company routinely installs software updates, which often contain important security patches, and monitors all activity and data to identify any perceived threats. The General Manager must perform regular vulnerability tests to identify any weaknesses in the POS and implement procedures to address any vulnerabilities that are detected.

Systems Information Confidentiality

The POS system makes use of encrypted records stored in the internet cloud using Amazon Web Services on a Google services platform. Both systems use state of the art privacy protection and data breach prevention. No sensitive personal information of the purchaser is retained in electronic format at the facility.

Inventory Control System

The General Manager oversees the inventory verification system, POS system, and inventory policies and procedures at the facility. Upon delivery of marijuana, authorized employees must receive product in the restricted access receiving area and verify the product's name, strain name, weight, and identification numbers match the manifests and label information before accepting any product at the facility. The General Manager must conduct daily inventory reconciliations to document and balance marijuana inventory and notify the State before completing any inventory adjustment, including providing the reason, date, and description of the event. The Company has established an account with the statewide monitoring system that documents each sales transaction, time of sale, beginning inventory, disposal, ending inventory, and acquisitions that are accompanied by a description of products, including quantity, strain, variety, and batch number, and the name and registry identification number for the supplier and transportation organization. Disposal records must include the method, date, and time of disposal.

Audits and Inventory Reconciliation

Employees must conduct audits and inventory reconciliation that focus on the following product units: beginning inventory, acquisitions, sales, disbursements, remediations, disposals, transfers, and ending inventory. Details must include product source batch, amount, strain, lot, product run identification, license numbers, employee names and card numbers, and dates received and sold. Movement of all products must be tracked in real-time and produce real-time reports. Product losses or reconciliation differences must be addressed by the General Manager, with a focus on identifying the cause, taking corrective action, and supporting documentation.

Inventory Management

General Manager

General Manager is the designated individual responsible for the following:

- Manage the statewide monitoring system and ensure that each authorized user is trained and educated on inventory management systems prior to its access or use.
- Maintain an active list of users, which include a unique username and the employee's full name.
- Report any loss of connectivity to the statewide monitoring system.
- Monitor all compliance notifications from the statewide monitoring system and timely resolve the issues detailed in the compliance notification.

Weekly Inventory Report

The General Manager must prepare a weekly inventory report of marijuana at the facility. To do this, the authorized employee must:

1. Count all packaged and prepackaged products in the vault and storage areas. Verify quantities (or weight) match the statewide monitoring system.

2. Record any inventory adjustments made in the statewide monitoring system.

The inventory report must be delivered to the Chief Operating Officer for review and include the following information:

- The date of the inventory.
- The amount of marijuana on hand, which shall include:
    a. The net weight of plant material.
    b. The net weight and volume of marijuana extract.
    c. The net weight and unit count of marijuana products prepared or packaged for sale to a dispensary.
    d. The results from a testing laboratory indicating the amounts of delta-9-tetreahydrocannabinol and cannabidiol, if available; and
    e. The registered strain or product names and batch or lot numbers of plant material, marijuana extract, and marijuana products.
- The amount of marijuana and marijuana products sold since previous weekly inventory, which shall include:
    a. The date of sale.
    b. The name of the dispensary to which the marijuana and marijuana products were sold.
    c. The lot number, strain or product name, and quantity sold.
- The date, quantity, and method of disposal of any plant material, marijuana extract, and marijuana products, if applicable.
- A summary of the inventory findings.
- The name, signature, and title of the Manager or Lead Employee who conducted the inventory and oversaw the inventor report.

Monthly Inventory Audit

The Company reconciles its physical inventory of marijuana goods with the records in its statewide monitoring database at least once every 30 calendar days. If a Company employee discovers a discrepancy, the facility must conduct an audit and notify the Agency of any reportable activity as appropriate. Company maintains an inventory log record that includes the date of each inventory process, a summary of inventory findings, and the names, signatures, and titles of the individuals who conducted the inventory.

Annual Inventory Report

On an annual basis, the General Manager must conduct and oversee the physical, manual inventory of plant materials, extract, and other products on hand and compare the findings to an annual inventory report generated using the inventory tracking system. The report and findings must be submitted to the Chief Operations Officer for review. If any discrepancy is discovered outside of regular moisture loss and handling, the General Manager must report the findings to the Agency.

Periodic and Continuous Audits

Complete a weekly audit on ancillary products, office supplies, bathroom supplies, and other basic facility supplies (cleaning products, paper towels, cups, etc.).

Discrepancies

The designated employee performing the inventory audit must notify the General Manager immediately with a detailed explanation of the discrepancy. If there is evidence pointing to diversion or theft, or if the reduction in inventory is not clearly due to documented causes, the reporting employee must include all supporting information to the General Manager.

1. The General Manager is responsible for documenting the discrepancy with the following required information:
    - A determination where the loss occurred and documented corrective action.
    - An indication if the reduction in the amount of marijuana in the inventory of the facility is due to suspected criminal activity by an employee.
    - If suspected criminal activity, the General Manager must report the employee to the Agency and to the appropriate law enforcement agencies.
2. All documentation of inventory discrepancies must be maintained for a minimum of 5 years and provided to the Agency, upon request.

Reconciliation

The Company maintains a redundant system that provides reconciliation of product units (beginning inventory, acquisitions, sales, disbursements, remediations, disposals, transfers, ending inventory). Reports and records of product units must include the source batch, amount, strain, lot, product run identification, license numbers, employee names and card numbers, and dates received and sold. Employees must track movement of all products in real-time and produce real-time reports. Product losses must be addressed by the General Manager, with a focus on identifying the cause, taking corrective action, and supporting documentation. Any suspected criminal activity must be reported to the Agency and local authorities immediately.

1. For any changes to the inventory amounts in the statewide monitoring system, the General Manager must be involved in reconciliations and the changes must be documented in the inventory event log. If the discrepancies are due to suspected diversion, then the local authorities and the Agency must be contacted. All rules and regulations regarding diversion must be followed.
2. If a physically sold-out package quantity is not zero in the statewide monitoring system, it must need to be reconciled.

3. Complete a physical search and recount to ensure all the units of the package are gone.
4. If the discrepancy remains, then carry out the following steps:
5. If diversion is suspected, contact the local authorities and the Agency to receive further instruction.
6. Locate the package in the statewide monitoring system, mark it to reconcile, enter the reason for the discrepancy, enter the actual quantity on hand and finalize the reconcile.
7. Return to the statewide monitoring system, select the package RFID tag being reconciled, click Adjust to change the quantity, make the adjustment to the actual quantity, enter the reason for the adjustment, and click Submit.
8. With the statewide monitoring system inventory quantities in agreement with the physical inventory amount, the Closing Inventory Packages process may be followed if the package has been sold out.
9. The RFID tag tracking binder must be audited once each week for outstanding packages.

Troubleshooting

- In the event of inventory discrepancies concerning flower or infused products, a physical count of the inventory in question should be done. You may also need to inventory additional similar products to see if the error can be found.
- For discrepancies concerning custom-weighed flower, pull up the item in question in the statewide monitoring system and look through each transaction made with that item. Check the pricing and quantity for each sale of that product to identify if quantities were sold for the correct amount.
- Also check the total quantity that was sold compared to the total that was originally accepted in the package. This can be done for both flower and infused products.
- Discrepancies concerning infused products are often a result of individual products being incorrectly scanned or entered int the cart at checkout. For discrepancies greater than +/- 1 unit for infused products, see a manager for assistance.
- Conducting a physical count of all inventory must allow you to see if any other products in that category are also off in count.

Weekly Inventory Sales Analysis

Every Monday, the current inventory must be downloaded to complete a weekly inventory sales analysis.

To complete a weekly inventory sales analysis, follow these steps:

1. Download the current inventory.

2. Sort the inventory file by vendor, category, and subcategory and provide the current unit inventory for each product unit to be examined for purchasing.

Monthly Inventory Sales Analysis

Every month, the 5-week unit sales numbers need to be updated.

1. Download the complete sales transaction list.
2. Sorting the transaction file by vendor, category, and subcategory must provide the historical unit sales for each product unit to be purchased.
3. Enter current inventory and historical sales values for each product unit to be purchased in the inventory purchasing analysis worksheet.
4. The formula in the worksheet must populate the average 2-week sales for each product unit, subtracting the current inventory, and indicating how many units need to be ordered.
5. Consult with the General Manager to review orders that need to be placed for the week.

Ordering Product

Using established online ordering systems is the most efficient way to order product.

1. If vendors are not on an online ordering system, consult the list of vendor contact information for email addresses and phone numbers to place orders.
2. Record the following items on the wholesale ordering page in the order tracking worksheet:
   - Product ordered
   - Name and license number of company
   - Amount due
   - Special orders
   - Net terms
3. When invoices are emailed, send the accounting department a copy of invoice, if they are not already included in the email.

Closing Inventory Packages

1. When a package is sold out, it needs to be closed in the statewide monitoring system, POS, and in the appropriate RFID tag tracking binder.
2. Log into the state-approved tracking system and navigate to the Packages section.
3. Locate the package tag RFID being closed.
4. If the remaining quantity displayed is “0”, select the package and click on the Finish Package button.

5. In case of inventory discrepancies, immediately notify the General Manager.
6. Log into the statewide monitoring system.
7. Search for the RFID tag number you want to close.
8. Select the actual items Inventory and a list must populate.
9. Review the list and select the correct package you are working on.
10. Information about this package must populate. Use the information on this screen to continue closing the package in the tag binder.
11. Look at the date the package was received in the statewide monitoring system and use this date to locate the package tag in the RFID tag tracking binder.
12. After you have located the corresponding tag in the RFID tag tracking binder, fill in the information next to the tag.
13. You must need to record Total Revenue, final weight, and any other missing information in the tag binder.
14. After all the information has been recorded, click on the finish package at the top of the screen in the statewide monitoring system.

Recordkeeping

The following records must be stored for at least 5 years:

- Operating procedures
- Inventory records
- Policies and procedures
- Security records
- Audit records
- Staff plans and employee records
- Business records
- Written or electronic accounts or journals

Type of Records

The following records must be kept and maintained for period of at least 5 years. No exceptions.

- Sale records
- Transportation records
- Disposal records

- Samples records
- Laboratory testing records
- Security records
- Inventory records, including METRC.
- Processing, manufacturing, and production records.
- Storage records, which includes types and forms of marijuana stored and maintained at the facility on a daily basis.
- Extraction, refining, manufacturing, packaging, and labeling records.
- Financial records
- Employee records
- Records of theft, loss, or other unaccountability of marijuana.

Financial Records

The following financial records must be kept and maintained for a period of at least 5-years.

- Transactions and contracts for services
- Purchase invoices, bills of lading, manifests, sales records, copies of bill of sale.
- Bank statements and cancelled checks
- Accounting and tax records

Employee Records

The following employee records must be kept and maintained for a period of at least 5-years.

- Hiring records
- Employee contact and emergency contact information
- Registration number and access credential designation
- Date of hire, date of separation, and the reasons for the type of separation.
- Training, education, and disciplinary records
- Salary and wages, bonuses, benefits, values paid to any individual affiliated with the company.
- Documentation that employees have successfully trained in accordance with the operations plan.
- Visitor logs.

Production and Disposal Records

The marijuana production and disposal records must be stored at the facility and include all the following information:

- Strain or product name, form, and quantity of marijuana involved.
- Date of production or removal from production.
- Reason for removal
- A record of all marijuana sold, transported, or otherwise disposed of.
- Date and time of selling, transporting, or disposing of the marijuana.

statewide monitoring systems

Redundant records must be maintained in the statewide monitoring system and the state-approved tracking system METRC for the following functions:

- Client Records
- Inventory Records
- Pesticide and chemical applications.
- Transaction Journals
- Sales Records
- Acquisition of marijuana from cultivation facilities and other marijuana facilities.
- Marijuana disposal and waste records

Document Storage

All employees will be required to store documents electronically, including agreements, accounting, images, payroll, sales, acquisitions, reporting, transportation, dispensing, waste, disposal, inventory, correspondence, and insurance records. To do this, the following third-party services will be used to store records.

All facility electronic recordkeeping systems meet the following requirements:

- Guarantee confidentiality.
- Capable of providing safeguards against erasures and unauthorized changes in data.
- Capable of placing a litigation hold or enforcing a records retention hold for purposes of investigating or pursuant to litigation.
- Capable of being reconstructed in the event of a malfunction or accident resulting in the destruction of data.

Quickbooks Professional

QuickBooks Professional is used for the following functions:

- Assets
- Liabilities
- Checks
- Invoices
- Vouchers

DropBox

DropBox is an electronic storage system used to store:

- Agreements
- Images
- Document Storage

Third-Party Software

Multiple third parties perform the following record keeping functions:

- Payroll reporting and filing
- Sales Tax Reporting and filing
- Audit Firm – Income Tax Return Preparation and Filing

Employees and Visitors

Employees

Employee Background Checks

The General Manager must conduct a criminal history background check on any prospective employee before hiring that individual. All records related to the criminal history background check must be kept and maintained for the duration of the employee's employment with the Company. All records related to the employee criminal history background checks must be made available to the Agency, upon request.

Reporting New or Pending Criminal Charges or Convictions

If an employee is charged with, or convicted of, a felony or convicted of an offense involving distribution of a controlled substance to a minor, the General Manager must immediately report the charge or conviction to the Chief Operating Officer. In turn, the Chief Operating Officer must immediately report the charge or conviction to the Agency.

Statewide Monitoring System

Within 7 business days of hiring an individual as an employee, the General Manager must enter the employee's information and level of statewide monitoring system access for the system to assign an employee identification number. If any of the employee's information, status, or access changes, the General Manager must update the statewide monitoring system within 7 business days. **<u>All prospective employees must be screened against a list of excluded employees based on a report maintained by the Agency.</u>**

Disqualifying Offenses

No individual may obtain an employee identification card if any of the following conditions exist:

- The applicant has committed or been convicted of a disqualifying offense.
- The applicant is under 21 years of age.
- The applicant failed to disclose or submit the appropriate materials, as required by the Agency.
- For any other reason that the Agency or Company determines.

New Hires

The General Manager is responsible for submitting the following information for every person seeking employment at the facility.

- A completed employment application
- Valid identification
- A recognizable headshot photograph taken no more than 6 months before the date of the employment application.

- Background criminal history report.
- Any other information requested by the Company or Agency.

Employee Identification Cards

Every owner, principal officer, board member, employee, administrator, agent, or other person who may significantly influence or control the business activities must pass a background investigation and maintain an active employee identification card. No employee may begin working at the facility prior to receiving their employee card. The employee card contains the cardholder's name, business license number, an alphanumeric identification number assigned by the statewide monitoring system, and a photograph of the cardholder.

Safety Training

All Managers must attend and pass a course on OSHA regulations and procedures regarding a commercial processing facility, local and state safety policies and procedures, company-wide policies for standard operations, and emergency procedures.

Employee Discount Program

Discounted Amount

The facility has designed an Employee Discount Program for our employees to purchase cannabis goods, accessories, and merchandise at a discounted price. **Only active full-time and part-time managers and employees are eligible to receive a 25% discount off the listed price of qualifying cannabis goods, accessories, and merchandise.** The listed price of qualifying products is determined by the regular price listed in the POS system. At a 25% discount, the business breaks even on that sale after the costs of the product and overhead expenses.

Cannabis Goods, Accessories, and Merchandise

We encourage our employees to actively participate in the business and provide feedback regarding products, services, and prices. While complying with local and state rules, we believe every qualified employee should have access to discounted items for their personal use.

The following items qualify for the Employee Discount Program:

- Merchandise, such as clothing and books.
- Cannabis accessories, such lighters, papers, vaporizers, and batteries.
- Cannabis goods (flower, concentrate, edibles, tinctures, and creams).

Employees

Only active employees are eligible to make purchases using an employee discount. The manager-on-duty must ring up the sale and any returns made by the employee. No employee may ring up their own purchase or return. Employees are prohibited from using their employee discount to purchase items for anyone other than themselves. At the time of purchase, the employee must present their employee identification card and governmental identification.

Return Policy
Only defective products may be returned for a full refund. All returned discounted items must be approved by the manager-on-duty before being processed as a return.

Staffing

Officer

The Officer oversees the licensee and all operations and personnel, which includes managing and overseeing budgeting and accounting, construction, business development, hiring and managing staff levels, inventory and purchasing, audits and reconciliations, regulatory reporting, training for all employees and security officers, compliance, establishing Standard Operating Procedures, and corresponding with local and state agencies.

General Manager

The General Manager oversees and manages all operations and personnel. The General Manager is tasked with building and managing the staff levels, training all employees, studying all current and new products, maintaining compliance, establishing Standard Operating Procedures, and more. This position requires prior employment as an Assistant Manager in the marijuana industry.

Assistant Manager

The Assistant Manager oversees and manages the Security, Inventory, Compliance, and Security Managers. The Assistant Manager is tasked with building and managing the staff levels, training employees, studying all current and new products, maintaining compliance, establishing Standard Operating Procedures, and more. This position requires prior employment as a Lead Sales Associate, Sales Manager, or Assistant Manager in the marijuana industry.

Sales Manager

The Sales Manager is responsible for coordinating with the General Manager and Inventory Manager to forecast and procure supplies and inventory as needed. The Sales Manager manages all fulfillment related to purchasing activities within the Michigan market and create and issue purchase orders, ensure accurate pricing, delivery details, collaborate with warehouse and vendors to proactively identify supply and shortages, seek cost-out opportunities and present recommendations to the General Manager, research and resolve product or receiving discrepancies, monitor purchase orders and sales, and track and report on inventory levels and supplier performance. This position requires a high school degree and at least a year of sales and purchasing experience.

Compliance Manager

The Compliance Manager is responsible for ensuring the facility is compliant with local, state, and federal rules and regulations, which includes overseeing compliance matters, operational compliance, Standard Operating Procedures, policies and procedures, METRC oversight, internal and external investigations and reporting, resolving issues and concerns, and more. This position requires a bachelor’s degree and at least a year of compliance experience.

Inventory Manager

Working with the Assistant Manager, the Inventory Manager is responsible to ensure that the real-time inventory of marijuana products is adequate for the projected customer demand. The facility's inventory management schedule will be set to maintain adequate inventory of marijuana products to meet anticipated demand, with monitoring performed by automated inventory systems and verified by the Inventory Manager. The Inventory Manager may also be considered an Assistant Manager once trained to be a back up to the General Manager. They must work closely with Sales Manager to accurately track inventory, perform daily reconciliations, engage suppliers, coordinate purchase orders, and manage all the inventory platforms to ensure accuracy and compliance.

Security Manager

The Security Manager is appointed by the Officer and reports directly to the General Manager. The Security Manager is responsible for hiring additional security personnel, who will staff the security room, monitor the security system, and patrol the facility's parameter. Security will deter unwanted activity, ensure the safety of people and products, and assist in any investigation into adverse events. The Security Manager also manages marijuana receiving operating standards to ensure all rules and procedures are followed, including cargo, vehicle, manifests, and reporting requirements. This position requires a high school diploma and at least one year of experience working as a security guard.

Sales Associates

Sales Associates verify customer status, retrieve information using the electronic verification system and authorize entry onto the retail floor, provide pricing and product information, process payments, prepare labels, retrieve marijuana from storage, dispense marijuana, assist customers with understanding products, strains, and proper usage and consumption, prepare inventories, and assist with maintaining a safe, clean, and professional environment. Sales Associates will have extensive training to best educate customers and caregivers. All candidates must possess an ability to explain the necessary information clearly and plainly so that customers can make informed, correct decisions. Sales Associates will report directly to the Sales and Assistant Managers.

Visitors

Visitor Identification Badge

Visitors are considered any individual that is not an employee. Visitors are prohibited from entering the facility unless they check in, receive authorization, and obtain a visitor identification badge from the facility. To obtain a visitor badge, visitors must provide a valid identification with a photograph.

All visitors who obtain a visitor badge must do the following:

- Always be escorted and monitored by an assigned employee of the facility.
- Visibly display his or her visitor identification badge while he or she is on premises.

- Return the visitor identification badge upon leaving the premises.

Visitor Logs

The facility maintains visitor logs to track visitors at the facility. All visitors must sign and date the log upon visiting the facility. The visitor log must contain the following information:

- Name of the visitor.
- Date and time of arrival and departure.
- The assigned employee at the facility escorting and monitoring the visitor.
- Purpose of the visit.

Code of Conduct

Employees and authorized visitors must abide by the rules and regulations required by the Agency. The guidelines for individual conduct listed below will be enforced, and any clients not abiding by these conduct requirements must be denied entry into the facility.

Good NeighborPolicy

The management of this facility has great respect for the local community. The Company has worked hard to establish a positive relationship with its neighbors, the city, and the community. Please be respectful of the facility's neighbors' rights, privacy, and property.

Responding to Complaints

It is the Company's policy to respond to any reasonable complaint and provide a proposed solution within 10 business days. All neighbor communications received must be immediately forwarded to the General Manager and saved electronically as part of company records. Employees must avoid adversarial positions, treat others as one would like to be treated, and cooperate with neighbors to ensure a healthy community.

Employee Commitments

Employees are encouraged to help the Company keep its commitments to the neighbors by not creating a nuisance or lingering in the parking lot or sidewalk areas. Always be careful and courteous when entering or exiting the parking lot or facility.

Employees are required to follow these good neighbor policies:

- No marijuana from the facility may be transferred, gifted, sold, disseminated, or otherwise transmitted to any individual or third-party.
- No marijuana may be consumed on premises.
- Do not consume marijuana and operate heavy machinery or motor vehicles.
- Dispose of trash and recyclables in appropriate receptacles.
- Always display employee identification while on premises.

- Do not leave children or pets unattended in the parking lot or vehicle.
- Do not park vehicles in a neighboring parking lot or bus stop. Employee vehicles may only be parked in designated areas on the facility lot.
- Loitering is strictly prohibited.

Employee Education and Training

Managers' Education and Training Plan

Method of Instruction and Setting

Managers must receive instruction from the Company's officers, directors, and advisors to learn about operating a facility, compliance, and General Manager responsibilities. Before opening the facility, Managers must attend classroom educational sessions at preexisting facilities and offices to learn about the rules and regulations specific to their roles and how to operate a facility in the State of Michigan.

The Chief Operating Officer must oversee the process of the General Manager preparing all facility SOPs for security systems, inventory management, compliance, reporting, staffing, cash handling, and customer safety and consultation. New Managers must also assemble and train their opening day team under the guidance of the Chief Operating Officer.

Manager Specific Education and Training

The Company's Owners, Corporate and Compliance Officers, and other advisors must work directly with the Manager to educate and train them on managerial responsibilities, including reconciling inventory and accounting records, General Manager duties, understanding rules and laws, security and operations, tracking inventory, training and managing staff, reporting, and other responsibilities. In addition to regular education and training materials provided to all employees, Managers must be instructed with the following manager-specific content in order to further prepare them for roles with greater responsibility.

Rules and Regulations: A thorough review of the regulatory requirements must be carried out with all managers. Specifically, rules directed at dispensaries must be focused upon and given primary consideration for discussion. All other noteworthy management-focused rules must also be covered in management training. To broaden the industry understanding by the Managers, an informative session must occur to discuss cannabis laws in other states and how they compare to regulations in the State of Michigan. All Federal rules and regulations regarding the cannabis industry, such as the Cole Memo, Sarbanes-Oxley banking rules, IRS code 280E, and other significant impactful laws must be detailed and discussed in the manager training.

Managerial SOPs: Specific training must be provided to the managers in preparation for operating the facility that involve management-level responsibilities. These topics must include facility cash management, human resources, interviewing employees, training employees, employee facility access permissions, and employee access to traceability systems. Managers must be provided explicit instructions on how to create SOPs for all facility functions and ongoing team management.

Security SOPs: Managers must be trained in the maintenance and management of the video surveillance and facility security alarm systems. Only managers may be trained to enable or disable the systems, perform regular system testing, reporting, logging, and be instructed on troubleshooting issues if necessary.

Security system management training must involve instruction on coordination with third-party security contractors that provide onsite guards during business hours and 24-hour video and security system monitoring. Training must also include management responsibilities regarding cash-pickups procedures and safety, as well as a review of all State-mandated security requirements.

Operations SOPs: Operation procedures to be performed by managers must be discussed and trained, including facility opening and closing procedures, daily cash handling procedures, inventory reconciliation process, point-of-sale (POS), and METRC traceability systems administration.

Customer Service/Consultation: Managers must be provided instruction on customer service and consultation procedures in order to properly perform these interactions and to be able to train the staff employees on the proper procedures to carry out these responsibilities. An overview of customer service expectations must be taught. Managers must be given instruction on how to train employees on the proper advice for safe product consumption, proper product usage, proper product compliance requirements, and the distinction between a medical diagnosis (not allowed) and product recommendations.

Effective Management of Employees: Finally, managers must be provided guidance on best practices for managing their agent staff from the Company's associated leaders, directors, and advisors. This instruction must include regular communication, daily expectations, role responsibilities, and technical training of employees on security, POS, and traceability systems.

Assessment of Manager Preparedness

The Chief Operating Officer must evaluate the manager's performance during education and training. When the manager completes 80 hours of education and cross-training, the Company's other director training staff will meet with each manager to assess their knowledge and training performance, with instruction on areas to improve provided as feedback to the manager.

Once each quarter, the Chief Operating Officer will meet with managers to review performance and goals, provide feedback, and identify goals for the next quarter. By analyzing performance and providing quarterly reviews, the Company can assess managers on managing operations, compliance, customer consultations, diversity in the workplace, knowledge about marijuana, Michigan rules, state and federal labor and employment laws, technology and software, staff, inventory, recordkeeping, security and safety, cash-handling, and relationships with third-party vendors and other suppliers.

General Staff Education and Training Plan

Employee Training

Initial job training must be conducted by the General Manager, in conjunction with an Employee Handbook and one-on-one personal instruction. Training must consist of general job requirements and use of the state-approved tracking system, METRC. Continued training must be conducted during annual performance reviews. All training must be documented, which becomes a part of the employee's permanent record.

Method of Instruction and Setting

The General Manager must educate and train employees on all rules, regulations, operations, security, and safe consumption procedures. Employees must attend 30 hours of onboarding education and training on topics such as Michigan regulations, procedures for inventory management, security and safety procedures, dispensing processes, storage protocols, waste and disposal instructions, packaging and labeling requirements, customer literature, marketing rules, cash handing, payment processing, and employee policies and standards.

Training and education must be provided in-person using digital supporting materials by a diverse group of directors, advisors, and managers at the new facilities of operation. Employees must be shadowed by managers during role practice for approximately 10 hours to ensure proficiency in all essential role functions and SOPs.

General Employee Education and Training Content

Company Background and Mission: Managers and Employees must be provided a discussion on the background of the Company's officers and their experience in the cannabis industry and the philosophy that has been applied to create those successful, community-engaging companies.

Rules and Regulations: The General Manager must train employees about cannabis rules and regulations to ensure each employee is adequately prepared to operate a compliant facility. The General Manager must thoroughly review the Michigan law and review with the materials with all employees. Michigan-specific rules and regulations for dispensaries must be the training standard for all employees.

A review of all current Federal cannabis laws must be provided in order to give adequate understanding of the industry by federal understanding. Employees must receive training in sexual and workplace harassment, diversity and cultural awareness, cooperative interaction with law enforcement personnel, and rights and responsibilities of marijuana purchasers.

Security SOPs: The General Manager must provide security training that will include proper use of security hardware cameras and sensors, vault access procedures and restrictions, cash-handling security, and product security to all employees. All employees must be trained on security procedures of the facility that must include proper management of onsite guards, electronic keycard access, company policies and violations consequences, protocols for fellow-employee violations, warning signs of possible diversion to illegal markets, lock and alarm procedures, emergency procedures, perimeter and entrance controls, robbery response protocols, and understanding how their positions contribute to the safe, efficient operation of the facility. Only authorized personnel and security consultants are allowed to operate security equipment.

Employees must also be trained on product and records storage security, including how to operate panic buttons and procedures to contact local law enforcement in the event of a security breach. The Security Supervisor must oversee security training and security SOPs and must work with employees individually to ensure absolute compliance with all security rules, including situational awareness and running simulations for theft, active shooter, and health emergency response. Employees must be trained on security design, including limited and restricted access areas, identifying and reporting suspicious activity, panic button alarms, emergency procedures, receiving product, and reporting theft or loss to local authorities.

Operational SOPs: The General Manager must train employees on the Operational Standard Operating Procedures, which cover topics such as sales, opening and closing the facility, package and labeling, waste and disposal, emergencies, inventory management, recordkeeping, record management, purchaser interaction, describing types of strain and delivery mechanisms, POS systems, product storage procedures, product integrity, receiving, data entry logs, transportation, reporting to local authorities and the Agency, inventory and delivery manifests, receipts, security, safety, and cash-handling.

The General Manager must oversee training at the facility and maintain SOPs, including annual audits of the SOPs and monitoring employees and the facility to ensure all operations are following SOPs. All employees must be trained on how to work with the General Manager to reconcile inventory and accounting records each day. Employees must be trained on inventory tracking, traceability, and point-of-sale software to accurately track product, purchaser, and sales information.

The General Manager must train employees on product safety assurance through adherence to written policies and procedures modeled after the USDA, FDA, OHSA, ISO, and ASTM standards to ensure the safety of the marijuana, purchasers, and employees in the facility. The General Manager must also ensure every employee receives hands on training on how to safely operate equipment, handle food, use tools, and how to safely address any spills or accidents at the facility.

Training must cover shipping and receiving, recordkeeping, inventory control systems, record retention, securing lockboxes and cargo, appropriate storage temperatures, vehicle standards, delivery and inventory manifests, authorized couriers, trip logs, cash-handling, inconspicuous uniforms and vehicles, unattended cannabis and devices, and prohibited activities. Only authorized employees must load and unload cargo, meet with transportation agents, ensure product is secure, review and track inventory and delivery manifests, accept payment, provide receipts, and revise manifests as necessary. Employees must be trained to verify the identification of licensed transportation agents, track movement, and verify all product information, weight, quantity, testing, labeling, contact information, and expiration dates before accepting any cannabis at its facility.

Customer Service/Consultation SOPs: Employees must be trained to provide purchasers with the best possible customer service, how to educate purchasers about cannabis, and to help them select a product that meets their needs.

A significant portion of the Company's onboarding process includes interactive curriculum that focuses on the benefits and risks associated with marijuana, and its application in practice, as developed and approved by the Company. This includes an extensive review of each condition, various types of cannabis, the specific benefits and adverse side effects of each type of cannabis, risks, the various applications and delivery mechanisms of cannabis derived products, identifying abuse, and products that exist in a mature market. Employees must also be trained on preventing and detecting substance abuse, customer expectations, distinctions between medicinal and product recommendations, methods and devices to consume marijuana, health and safety concerns for purchasers, treatment and prevention methods, public education, toll-free healthcare and poison control hotlines, identifying multiple visits to the facility, reporting, and purchaser literature.

Purchaser confidentiality training must include purchaser privacy, personal identifiable information, definition of protected information, prohibited activities, consumer rights, and maintaining privacy. Data collection procedures must be designed to ensure that personal information and purchasing history is protected. Employees must be trained on data collection procedures, including how to collect, enter, and verify information, accept orders, process cardholder payments, and access purchasing information.

Product Types: Employees must be trained on product information, including product types, possession limits, and safe use of cannabis. Employees must provide purchasers with approved product education literature and must educate and train employees on how to accurately and effectively describe products to purchasers. Employees must focus on the composition of products, including type of product, THC, CBD, and terpene levels, and how to safely consume it.

The General Manager must educate employees on how to advise purchasers about the considerations they should make before selecting and consuming cannabis, starting with types of products and method of consumption. Employees must educate purchasers about types of processed and unprocessed products, regulation, labeling, devices, and consumption methods. The General Manager must educate employees on all product types including flower, oils, concentrates, edibles, topicals and tinctures. THC-containing products must be clearly described, with all cannabinoids and terpenes being explained and discussed. Employees must be guided to discuss product types, effects, labels and proper dosage with all purchasers.

Assessment of Employee Preparedness

Managers must regularly meet with staff to discuss operations, including daily sales and inventory meetings, to monitor employee and departmental activities. Employees must be continually assessed and tested on operating procedures at the facility through shadowing, written tests, and reporting. By evaluating employees, the Company can ensure that all active employees are operating the facility according to its SOPs and local and state regulations. The Company has prepared an employee training and education flow chart SOP that shows a visual representation of the instruction process for all new employees.

Every employee must receive a quarterly review to rate their performance, assess their knowledge, address deficiencies, set goals, and provide feedback. Following the review, the Manager and employee must establish goals for the next quarter and use the review as a metric for the next quarter.

Cleaning and Sanitation

Maintaining the Facility

The General Manager must ensure the facility is maintained in the following manner:

- Implement the policies and procedures related to receiving, inspecting, transporting, segregating, preparing, packaging, and storing marijuana products in accordance with adequate sanitation principles.
- The cleaning activities listed in the opening and closing checklists are followed and tracked in the Cleaning Log.
- Exterior is clean and free of debris.
- All floors and tables are free from debris, dust, and any other potential contaminants.
- Only use cleaning solutions and other sanitizing agents approved for use around vegetables, fruit, medicinal plants, or food contact surfaces, and store the items in a manner that protects against contamination.
- Keep equipment in a clean environment.
- Ensure all water supply is derived from a source that is compliant with Michigan law.
- Control rodents and other pests.

Sanitation

Equipment and surfaces, including floors, counters, walls, ceilings, benches, equipment and fixtures, must be comprised of an easily cleanable material, and maintained in a clean, sanitized and orderly condition, using a sanitizing agent registered by the EPA, in accordance with the instructions printed on the product label. Product contact surfaces must be cleaned and sanitized regularly and verified as sanitized prior to commencement of business activities. All equipment, counters, and surfaces for storing marijuana production material must be food-grade quality. Waste disposal must be promptly carried out and be adequate to prevent infestation and ensure waste must not constitute a source of contamination in the facility.

Cleaning Compounds

All cleaning compounds must be identified and kept in a safe and secure manner, away from areas containing product, to protect against the contamination of marijuana.

Cleaning Log

The General Manager is responsible for ensuring the facility is sanitized and cleaned, including tracking all cleaning activity in the Cleaning Log.

DATE	AREA	TEAM MEMBER	NOTES

Personal Protective Equipment

Personal Protective Equipment ("PPE") for eyes, face, head, and extremities, including protective clothing, respiratory devices, and protective shields and barriers, must be used and maintained in a sanitary and satisfactory condition. PPE is required wherever hazards of processes, environment, chemical hazards, or mechanical irritants may be encountered and may cause injury or impairment in the function of any part of the body through absorption, inhalation, or physical contact. The General Manager must provide PPE for staff and are responsible for ensuring the adequacy of proper maintenance, fit, and sanitation. All PPE is of safe design and construction for the work performed. The General Manager must assess the facility to determine if hazards are present or are likely to be present, which necessitate the use of PPE.

Handwashing

Every employee must wash their hands in the following manner:

1. Rinse hands and any exposed portion of your arms under warm water for at least 10 seconds.
2. Apply cleaning solution on hands and any exposed portion of your arms.
3. Rub the cleaning solution vigorously into your hands and arms for at least 20 seconds.
4. Create friction on the surface of your hands, arms, fingertips, and between the fingers.
5. Ensure you removed all dirt, soil, or other debris from under the fingernails
6. Thoroughly rinse your hands and arms under clean and warm water for at least 15 seconds
7. Immediately dry your hands with an unused, dry paper towel.

Floors

When sweeping and mopping floors, the responsible employee must:

1. Sweep floors with a broom.
2. Dispose of the collected debris.
3. Fill mop bucket with mild bleach cleaning solutions and warm water. Make sure mop is clean before using it.
4. With a wet mop, wipe the floors thoroughly to remove dirt and grind.
5. Track cleaning in the Cleaning Log.

Walls, Tables, and Fixtures

When cleaning and scrubbing walls, tables, and fixtures, the responsible employee must:

1. With a wet rag, wipe the walls, tables, and fixtures thoroughly to remove dirt and grind.
2. Track all cleaning in the Cleaning Log.

Cleaning Schedule

Opening Checklist

Our customers' first impression may be the most important chance to impress them and build loyalty. Customers do not want to see debris, like gum, litter, or staining, when they walk into our store. It is vital that each day the exterior and interior of the property are thoroughly checked before the store opens.

Before the store opens each day, the manager on duty must check the exterior and interior to ensure the facility was thoroughly cleaned the night before. The following items must be completed each day:

Exterior

- ✓ Conduct a perimeter check of the exterior and dispose of any debris or garbage.
- ✓ Check all signage to ensure it is clean and maintained.

Lobby Area

- ✓ Check all lobby windows to ensure cleanliness.
- ✓ Conduct a walkthrough and ensure all areas are clean and free of debris. Ensure all supplies and equipment are organized in an orderly manner.
- ✓ Ensure the desk is clean and free of debris. Wipe down areas as needed.

Restroom

- ✓ Check the restroom to ensure it has an adequate amount of toilet paper and soap.
- ✓ Check to ensure the toilet is clean and free of staining, sink is clean, and walls and mirrors are clean.
- ✓ Make sure the trash bin is empty.

Sales Area

- ✓ Conduct a walkthrough and ensure all areas are clean and free of debris. Ensure all supplies and equipment are organized in an orderly manner
- ✓ Ensure all desks and sales counters are clean and free of debris. Wipe down areas as needed.

Back of House

- ✓ Conduct a walkthrough of the back of house to ensure all equipment, supplies, and boxes are stored properly and in an orderly manner. Wipe down all areas as needed.
- ✓ Check to make sure all waste containers were transferred to the dumpster the night before.

Closing Checklist

When the store closes, the manager on duty has a responsibility to ensure the facility is clean and sanitary for the next day. Our employees and customers benefit from having a clean, welcoming store for customers to shop, so it is important that the facility is regularly cleaned, sanitized, and maintained each night. All cleaning must be tracked in the Cleaning Log.

The following items must be completed each night before leaving the facility after store hours:

<u>Exterior</u>

- ✓ Conduct a perimeter check of the exterior and dispose of any debris or garbage.
- ✓ Wipe down all signage and exterior doors to ensure it is clean and maintained.

<u>Lobby Area</u>

- ✓ Dust and wipe down desk, walls, windows, doors, tables, appliances, televisions, screens, plants, picture frames, POS stations, and any displays.
- ✓ Sweep and mop all floors.
- ✓ Organize all supplies and equipment in an orderly manner throughout the facility. There should be ample room to work when employees arrive the next day.
- ✓ Dispose of all empty cans, bags of food, and other garbage.

<u>Sales Area</u>

- ✓ Dust and wipe down all desks, counters, walls, doors, tables, appliances, televisions, screens, plants, picture frames, POS stations, shelves behind and underneath the POS, and sales display cabinets and shelving.
- ✓ Dispose of all empty cans, bags of food, and other garbage.
- ✓ Empty any cans that contain liquid to avoid attracting rodents, pests, and bugs.
- ✓ Sweep and mop all floors.
- ✓ Organize all supplies and equipment in an orderly manner throughout the facility. There should be ample room to work when employees arrive the next day.
- ✓ Organize all the packaging in the sales area and make sure everything is arranged in an orderly manner.
- ✓ Wipe down all the bud bars.
- ✓ Takeout all trash to the dumpster and replace with new trash bags. There should be no trash

in the facility and all trash bins should be empty.

Restroom

- ✓ Thoroughly clean and dust the toilet and sink in the restroom. Make sure there is adequate toilet paper and soap available.
- ✓ Dispose of all empty cans and bags of food.
- ✓ Empty any cans that contain liquid to avoid attracting rodents, pests, and bugs.
- ✓ Takeout the trash to the dumpster and replace with new a new trash bag. The trash bin should be empty.

Back of House

- ✓ Sweep and mop all floors.
- ✓ Clean inside the refrigerator and dispose of any food that has been in the refrigerator for longer than a week or has become spoiled.
- ✓ Organize all supplies and equipment in an orderly manner. There should be ample room to work when employees arrive the next day.
- ✓ Clean all dirty dishes.
- ✓ Dispose of all empty cans and bags of food.
- ✓ Empty any cans that contain liquid to avoid attracting rodents, pests, and bugs.
- ✓ Takeout all trash to the dumpster and replace with new trash bags. There should be no trash in the facility and all trash bins should be empty.

Monday and Thursday

Every Monday and Thursday, certain cleaning and maintenance must be completed and tracked in the Cleaning Log. These items include:

1. All plants throughout the interior and exterior of the facility must be watered. Use a clean bucket, fill it with water, and slowly water each plant in and outside of the facility.
2. All windows in the facility must be thoroughly washed and wiped down.

Rodents and Pests

The facility has a third-party pest control service that provide adequate screening against the entry of pests. Employees must regularly inspect the premises and dispose of all rubbish to minimize odors and the potential for waste to attract or act as a breeding place for pests.

Glass Breakage

The General Manager and employees must be trained and understand the potential risks associated with glass breakage in the facility. In the event of any glass breakage within the facility, the manager on duty must follow the procedures described below.

1. Stop all work in the area where the glass breakage occurred.
2. Instruct all staff to leave the area and maintain control of the area.
3. Immediately quarantine all products in the area and inspect the area.
4. Sweep and clean the affected area. Wear protective clothing and gloves while cleaning the affected area.
5. All food contact surfaces, equipment, and floors must be wiped down and cleaned by following the Cleaning Procedures. All equipment used to clean the affected area, including vacuums and brooms, must be immediately cleaned following use.
6. All broken glass must be disposed of into the designated waste container.
7. In the event any products are affected by the glass breakage, the General Manager must follow the waste procedures by disposing of the affected products.
8. Once the affected area has been cleaned, the General Manager must inspect the area and approve before resuming work in the area. The affected area must be in safe condition and free of debris.

Security and Safety

Security Plan

The Company has installed locked doors between access areas, limit access to specific storage areas, high-tech video surveillance systems, storage and safe rooms, and provide emergency flood lights, warnings, panic button alarms, perimeter alarms, failure notification systems, security display monitors, unobstructed 24-hour video surveillance in the interior, exterior, and parking lots, timestamped video, and remote video surveillance access. We developed policies to address operations, inventory, waste and disposal, storage of product in the saferoom when the facility is closed, locking the facility, preventing unauthorized access, safeguards against security concerns, notifying local authorities, preventing theft and diversion, reporting suspicious activity, refusing purchases, working with security officers, and security training.

Physical Security

The physical security of the facility relies on a wireless system with cellular reporting and a 7-day battery backup. There is one point of entry with a security control panel and one point of egress. The doors are made of metal and use commercial grade, non-residential door locks. The facility has door contact sensors, motion detectors, security card reading entrance devices, video surveillance, and panic buttons. Alarms and video cameras have been strategically placed throughout the facility, including in and near the entrance, exit, storage, saferoom, work rooms, access points, and security equipment. In the event of a power failure, the wireless system will have a battery backup to support at least one (1) week of function and live reporting. The General Manager must perform weekly quality tests to ensure all security equipment is in good working order.

Access

The facility maintains an electronic keycard system that restricts access throughout the facility to authorized employees only. All doors in the facility are equipped with specific permission keycard door locks, which will only unlock for an employee possessing a keycard with proper permission to enter. Permission levels have been assigned to employees, which controls specific internal access. Deliveries must use a separate secure entrance through backdoor located in the back of the facility. Cash from transactions must be held in GSA class 5-A level safe, which is monitored by live surveillance. To access the sales area, customers must present valid identification in the waiting room.

Equipment

Installation

All security equipment has been installed and maintained by a Michigan licensed private alarm contractor. Security equipment installed at the facility includes the following:

- A perimeter alarm on all entry points
- A failure notification system that provides audible, text, and visual notification of any security breach or failure in the surveillance system, including panic buttons, alarms, and video monitoring system.
- Battery backup of the security system allowing it to function without power for up to 7 days.
- Cellular access by the main security panel to allow communication to monitoring authorities during any loss of local internet or power.
- A duress alarm, panic button, and alarm that, by design, will directly and indirectly notify the local law enforcement.
- Security equipment to prevent unauthorized entry into the facility, which include electronic door locks and devices to detect unauthorized intrusion that includes a signal system interconnected with a cellular communication method.

Alarms

The Company has contracted with a third-party alarm company to monitor the alarm system. The alarm system is equipped with a failure notification system that notifies the alarm monitoring service provider, Security, and the General Manager of the system failure through audio, text, visual, or audiovisual message. In the event of equipment failure or tampering, Security and the General Manager will be notified with an audible and visual notification and will coordinate alternative security measures. The General Manager must log all malfunctions and repairs to security equipment. In addition, panic buttons and silent alarm devices have been deployed that are designed to notify the security monitoring service, management, and the local authorities. All employees have been trained by the Security Manager on the proper use and response of panic button events during onboarding and annual facility training review sessions.

Video Surveillance

The Company has contracted with a licensed, third-party security provider to install security equipment, provide security services, and 24-hour video surveillance at the facility. The facility has 24/7/365 surveillance of the property, including its interior, exterior, and the perimeter, and maintain display monitors in the office to monitor the facility. Our security surveillance system is designed to alert management and local authorities to any illegal activity at the premises, including theft, unauthorized access, and displacement. The video surveillance system is equipped with a failure notification system that provides notification to the General Manager of any interruption or failure of the video surveillance system or storage device. All video surveillance is maintained in a secure, off-site location for at least 30 days and made available to local authorities upon request.

Video Cameras

Video images are captured by cameras that are at least 2MP HD, High-speed, 1080p resolution with 100-foot night vision, motion detection capability, and weatherproof versions for outside. The cameras can capture images at 25-30 frames per second at 1080p resolution and 25/30/50/60 fps at 750p resolution. All cameras are capable of tilt, zoom, and pan functions to optimize surveillance and ensure high-resolution images for viewing later. The locations of the cameras are in areas that cannot be easily obstructed, tampered with, or disabled. All recordings are easily accessible remotely for display to local law enforcement in real-time.

Security Personnel

The Company engaged a licensed, third-party security consultant to provide training to personnel and provide Security Officers services. The Security Manager also trained our employees on security measures, emergency responses, theft prevention, and evaluating credentials of third parties who intend to provide services to the facility. A Security Officer must always be onsite 24/7/365 and will walk the perimeter of the facility at least once every hour to detect any suspicious activity or loitering of any kind, unauthorized entry, trespassing, or tampering with equipment, while also assessing those who enter the facility. During regular business hours, security personnel will monitor the entrance and exit to ensure the security and safety of our customers.

Backup Security Systems

During a power outage, the facility's security system runs on an uninterrupted power supply (UPS) system that produces power and ensures the facility can continue to comply with the security requirements outlined by the Agency. All security and video surveillance equipment were provided and installed by a licensed security company. All alarm systems were installed by a separate commercial company, which actively monitors the facility's alarm system and notifies the General Manager and local authorities in the case of a security breach. A Security Guard will be actively monitoring the facility 24/7/365.

Employee Access Records

The facility maintains detailed records of employees with access to locked and secure areas, available to the Agency upon request. All employee access records must be maintained for at least 5 years.

Video Security Management

Video playback may be used to review facility and sales activity for suspicion of diversion, or to inspect mistakes in inventory processing or payment exchange handling.

- The contract for the security company that monitors our system is in the facility records in a file labelled "Security".
- The contract, surveillance records, and recordings must be made available for inspections by local and state authorities.
- All video surveillance equipment, including monitor screens, NVRs, lockbox, backup UPS system, and color printer are in the security equipment room.
- The key for the NVR lockbox is in the safe in the secure vault room.
- The video surveillance logbook is located inside the lockbox and has a list inside the front cover that identifies the individuals on staff who are authorized to access the video surveillance equipment.
- Individuals who are authorized to access video surveillance equipment must be trained by management and be given logins, passwords, and procedures that must be kept confidential.
- Any time the video surveillance equipment is accessed you must log your entry with name, date, time, and state your reason for entry.
- Daily maintenance includes visual inspection of video surveillance monitors to ensure that all cameras are working and recording properly.

Loitering Management

When anyone is found to be loitering outside the facility, the following steps must be taken. Loitering is defined as being present for more than a few minutes with any purpose other than a legal facility visit, or other management-approved legal activity.

- In-house security must address the individual and instruct them to leave the property.
- If the individual resists or fails to leave the property for any reason, the local police department must be notified immediately to deal with the issue. If this step is reached, an incident report form must be completed and placed on file in the facility records.
- If an individual returns or becomes a nuisance offender, the local police department must be notified again for further action as determined by the law enforcement authority. Incident reports must be completed and placed on file for each time an activity takes place.

- The Agency must be notified within 24 hours, if police intervention was required and criminal activity occurred.

Emergency Procedures

For any emergency that includes a strike, fire, flood, other natural disaster, or other emergency of local, state, or national emergency, the following steps must be followed:

- Stay calm and assess the situation to determine if emergency help needs to be called.
- In case of a medical, fire, or security emergency, immediately call 911 or press the panic button if under siege.
- In case of fire escort any clients to the nearest exit and have all staff exit the building immediately.
- Fire extinguishers placed by each door and in the breakroom can be used if you are able to extinguish the fire while maintaining personal safety.
- In case of medical emergency stay with the person in need of assistance until help arrives and apply first aid or CPR steps if you are trained in those responses.
- In case of security emergency first consider your well-being and the well-being of clients as the utmost priority.
- In the event of a robbery, press the panic button if it is convenient, follow dictated instructions to keep everyone safe, and call 911 as soon as possible.
- For all emergencies, contact the General Manager as soon as possible.
- Badged local and state authorities and local fire department officials are authorized to enter our premises without requiring the usual identification and entry into the visitor logbook.

Emergency Reporting

The General Manager must notify the Agency within 24-hours of discovering the following events. Within 10 days, the General Manager must also submit a written report to the Agency detailing the event.

- An alarm activation or other event that requires a response by public safety personnel.
- Any type of breach of security.
- Failure of security alarm system due to a loss of electrical support or mechanical malfunction.
- Fire
- Hazardous materials related incident.
- Any other emergency.

Action Plan – Access and Onsite Consumption

Preventing Unauthorized Access

Only employees, authorized visitors, individuals 21 years of age or older are permitted to enter the Sales Area. All visitors, no matter their status, must check in with reception prior to entering the restricted access, Sales Area. The facility entrance and Sales Area are monitored by video surveillance, employees, and a Security Officer at all times. The door leading the Sales Area is secured through an electronic keycard system that restricts access. In the event an individual is denied access to the Sales Area, employees must document the event and inform the Security Officer the individual is not permitted to enter the Sales Area.

Preventing Onsite Consumption

No onsite consumption of marijuana is permitted on premises, which includes the interior, exterior, and parking lots. The facility entrance and Sales Area are monitored by video surveillance and a Security Officer at all times. In the event an individual consumes onsite, the employee must immediately report the individual to the Security Officer and General Manager. In turn, the Security Officer must escort the individual off the premises.

Diversion, Theft, Loss, or Criminal Activity

The Company has a continuing duty to notify the Agency and local law enforcement authorities within 24 hours of becoming aware, or should have been aware, of the theft or loss of marijuana product or criminal activity at the business.

Within 10 days of the submitted loss, theft, or diversion report, the General Manager must do the following:

- Review and secure video surveillance footage during the time of the suspected theft or diversion.
- Conduct an audit of the actual inventory compared to the inventory reported by the inventory tracking systems.
- Submit a report that contains:
  - The name and identification numbers of every employee at the facility at the time of the suspected theft or diversion.
  - The internal measures taken to locate the cause of the loss, theft, or diversion.
  - The total quantity and type of marijuana following the audit.
- Identify and secure all relevant records and potential evidence, including video surveillance footage, to prevent from being destroyed until a full investigation is conducted by the Agency and law enforcement, if necessary.

Security Equipment Maintenance Procedures

Weekly maintenance of security equipment includes the following:

1. Access the NVR lockbox.

2. Select a sample video clip from a random date and camera number.
3. Download the clip to a USB thumb drive.
4. Take the USB drive with the video clip to a computer.
5. Access the video clip from that computer.
6. Play the clip.
7. Print a still screenshot from the video clip on a color printer.

Monitor or record historical video surveillance footage:

1. Using the mouse next to the monitor screens, right click on the screen and enter the administrator password.
2. Choose Playback from the menu.
3. Select the camera number to view.
4. Select the date to view.
5. Using the mouse, click on the time of day desired to view and click the play button.
6. Other features such as view magnification, screen expanding/contracting, fast-forwarding/slowing can be accomplished using the icons located on the screen indicating such features.

To record a video clip for later extraction:

1. Locate the beginning of the clip desired to export using the mouse and clicking on the timeline.
2. Click on the begin recording button.
3. When the desired amount of clip has been recorded, click on the stop recording button.
4. A clip with the date and time of the action must have been recorded on the NVR hard drive.
5. To exit the video monitoring process, click the button on the bottom of the screen to display all the cameras once again.

To access the NVR and acquire video footage on a USB thumb drive:

1. Open the NVR lockbox and record the access in the video surveillance access log.
2. Insert the USB thumb drive in the USB slot on the front of the NVR.
3. Using the mouse next to the monitor screens, right click on the screen and enter the administrator password.
4. Choose Download File from the menu.
5. Select the video file from the list displayed with the date/time stamp for the desired file to be extracted.

6. Click on the Copy button, choose the name of the thumb drive as the destination.
7. Click enter and the file must be copied.
8. To exit the video extraction process, click the button on the bottom of the screen to display all the cameras once again.

Playing-back and printing a video still shot from the USB thumb drive:

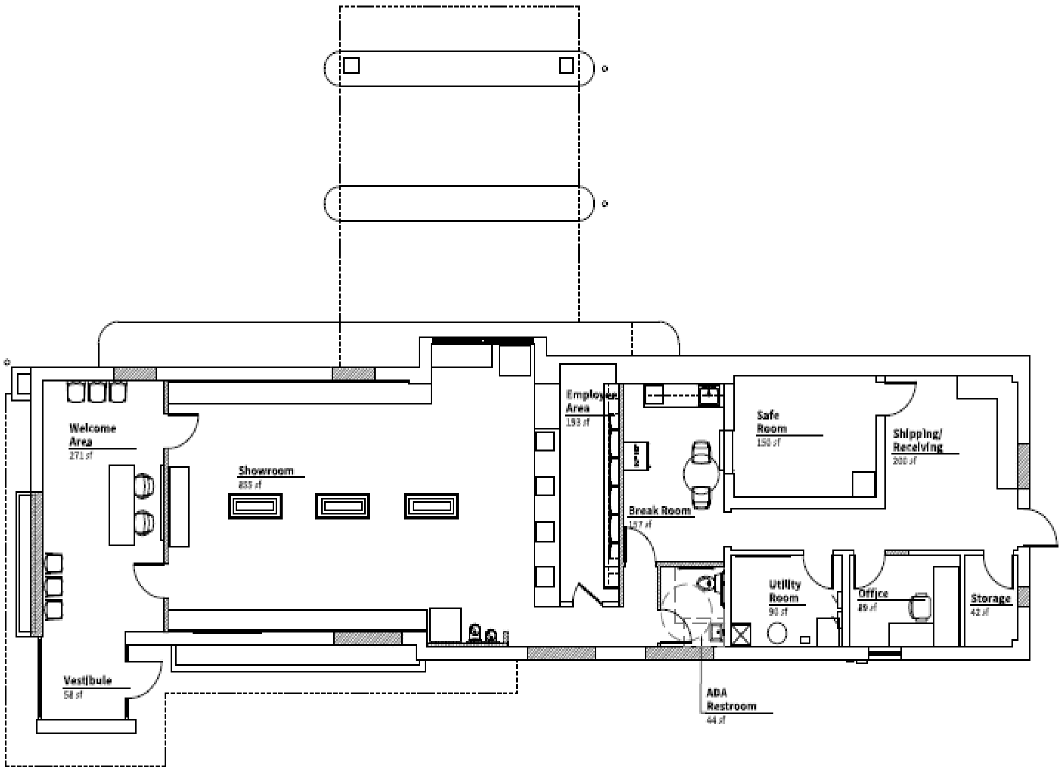
1. Insert the USB thumb drive into a computer that is connected to a color printer.
2. Navigate with a file explorer to the thumb drive directory.
3. Double click on the video clip file, the video player that was automatically included with the video file must launch and begin to play the video.
4. Using the play, stop, pause, reverse buttons on the video player, locate the still shot desired to be printed and press pause.
5. Right click on the video still shot and select Print, choosing the color printer, and make a hard color copy of the captured video.

Social Equity Plan

The Company's mission is to encourage and promote people from the communities who have been disproportionately impacted by marijuana prohibition to participate in the marijuana industry. The core of our social equity efforts is to increase access to the industry and provide training for qualified individuals. To do this, the Company seeks exceptional candidates who qualify for social equity status and hire, train, and mentor them to assist those who have been disproportionately impacted by marijuana prohibition and provide them with an opportunity to participate in the industry and positively impact their communities.

Once a social equity candidate is identified, they may move through an interview and review process, which includes meeting with the General Manager and Chief Operating Officer to discuss their professional goals, experience, and availability. Once the candidate is hired and onboarded, the qualified employee may learn from the ground-up and move through multiple positions at the facility to learn about marijuana operations and compliance. Overtime, the qualified employee must learn all aspects of the operation. The General Manager must regularly meet with the employee to review standard operating procedures, training sessions, discuss professional goals, and evaluate performance.

Floor Plan



Welcome Area
271 sf
Showroom
855 sf
Employee Area
193 sf
Break Room
157 sf
Safe Room
150 sf
Shipping/ Receiving
200 sf
Utility Room
90 sf
Office
89 sf
Storage
42 sf
ADA Restroom
44 sf
Vestibule
58 sf

Security Diagram