



## Massachusetts Cannabis Control Commission

### Marijuana Product Manufacturer

#### General Information:

License Number: MP281479  
Original Issued Date: 06/19/2020  
Issued Date: 06/19/2020  
Expiration Date: 06/19/2021

### ABOUT THE MARIJUANA ESTABLISHMENT

Business Legal Name: Clean Technique LLC

Phone Number: 301-335-5552 Email Address: kevin@cleantechniquelabs.com

Business Address 1: 32 Char Drive

Business Address 2:

Business City: Westfield

Business State: MA

Business Zip Code: 01085

Mailing Address 1: 810 Fordham St

Mailing Address 2:

Mailing City: Rockville

Mailing State: MD

Mailing Zip Code: 20850

### CERTIFIED DISADVANTAGED BUSINESS ENTERPRISES (DBES)

Certified Disadvantaged Business Enterprises (DBEs): Minority-Owned Business

### PRIORITY APPLICANT

Priority Applicant: no

Priority Applicant Type: Not a Priority Applicant

Economic Empowerment Applicant Certification Number:

RMD Priority Certification Number:

### RMD INFORMATION

Name of RMD:

Department of Public Health RMD Registration Number:

Operational and Registration Status:

To your knowledge, is the existing RMD certificate of registration in good standing?:

If no, describe the circumstances below:

### PERSONS WITH DIRECT OR INDIRECT AUTHORITY

Person with Direct or Indirect Authority 1

Percentage Of Ownership: 40

Percentage Of Control: 40

Role: Owner / Partner

Other Role:

First Name: Kevin

Last Name: Wong

Suffix:

Gender: Male

User Defined Gender:

Date generated: 12/03/2020

Page: 1 of 8

What is this person's race or ethnicity?: Asian (Chinese, Filipino, Asian Indian, Vietnamese, Korean, Japanese)

Specify Race or Ethnicity: Chinese

#### Person with Direct or Indirect Authority 2

Percentage Of Ownership: 35

Percentage Of Control:

35

Role: Owner / Partner

Other Role:

First Name: Robert

Last Name: Pervere

Suffix:

Gender: Male

User Defined Gender:

What is this person's race or ethnicity?: Asian (Chinese, Filipino, Asian Indian, Vietnamese, Korean, Japanese), White (German, Irish, English, Italian, Polish, French)

Specify Race or Ethnicity:

#### Person with Direct or Indirect Authority 3

Percentage Of Ownership: 25

Percentage Of Control: 25

Role: Owner / Partner

Other Role:

First Name: Tymofey

Last Name: Wowk

Suffix:

Gender: Male

User Defined Gender:

What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)

Specify Race or Ethnicity:

#### Person with Direct or Indirect Authority 4

Percentage Of Ownership:

Percentage Of Control:

Role: Other (specify)

Other Role: Investor

First Name: Lana

Last Name: Wong

Suffix:

Gender: Female

User Defined Gender:

What is this person's race or ethnicity?: Asian (Chinese, Filipino, Asian Indian, Vietnamese, Korean, Japanese)

Specify Race or Ethnicity: Chinese

#### Person with Direct or Indirect Authority 5

Percentage Of Ownership:

Percentage Of Control:

Role: Other (specify)

Other Role: Investor

First Name: Irene

Last Name: Lachance

Suffix:

Gender: Female

User Defined Gender:

What is this person's race or ethnicity?: Asian (Chinese, Filipino, Asian Indian, Vietnamese, Korean, Japanese)

Specify Race or Ethnicity: Chinese

### ENTITIES WITH DIRECT OR INDIRECT AUTHORITY

#### Entity with Direct or Indirect Authority 1

Percentage of Control:

Percentage of Ownership:

Entity Legal Name: LWIL Properties LLC

Entity DBA:

DBA

City:

Entity Description: Current Real Estate Owner (32 Char Drive, Westfield MA 01085)

Foreign Subsidiary Narrative:

Entity Phone: 203-589-4809

Entity Email: lwongmarketing@gmail.com

Entity Website:

Entity Address 1: 570 Grassy Hill Road

Entity Address 2:

<b>Entity City:</b> Orange	<b>Entity State:</b> CT	<b>Entity Zip Code:</b> 06477
<b>Entity Mailing Address 1:</b> 570 Grassy Hill Road		<b>Entity Mailing Address 2:</b>
<b>Entity Mailing City:</b> Orange	<b>Entity Mailing State:</b> CT	<b>Entity Mailing Zip Code:</b> 06477

**Relationship Description:** LWIL Properties LLC is the entity which owns the property at the proposed site of 32 Char Drive, Westfield MA 01085. LWIL has agreed to let Clean Technique LLC use the space for their prospective Marijuana Manufacturing facility. It is an affiliate entity of Clean Technique LLC.

#### Entity with Direct or Indirect Authority 2

<b>Percentage of Control:</b>	<b>Percentage of Ownership:</b>		
<b>Entity Legal Name:</b> 32 Char Drive LLC	<b>Entity DBA:</b>	<b>DBA City:</b>	
<b>Entity Description:</b> Eventual Property arm of Clean Technique LLC			
<b>Foreign Subsidiary Narrative:</b>			
<b>Entity Phone:</b> 301-335-5552	<b>Entity Email:</b> kevin@cleantechniquelabs.com	<b>Entity Website:</b>	
<b>Entity Address 1:</b> 810 Fordham Street		<b>Entity Address 2:</b>	
<b>Entity City:</b> Rockville	<b>Entity State:</b> MD	<b>Entity Zip Code:</b> 20850	
<b>Entity Mailing Address 1:</b> 810 Fordham Street		<b>Entity Mailing Address 2:</b>	
<b>Entity Mailing City:</b> Rockville	<b>Entity Mailing State:</b> MD	<b>Entity Mailing Zip Code:</b> 20850	

**Relationship Description:** 32 Char Drive LLC is an affiliate entity of Clean Technique LLC and has a purchase option agreement with LWIL Properties LLC. Upon receipt of a Provisional Marijuana License, 32 Char Drive LLC will exercise the Option and take title to the property, and Clean Technique LLC will then enter into a lease agreement with 32 Char Drive LLC. As reflected in Clean Technique's "Permission to Use" letter (submitted in accordance with 935 CMR 500.101(1)(a)(7)(d) and attached hereto), until 32 Char Drive LLC exercises the Option, takes title to the property, and enters into a lease with Clean Technique, Clean Technique has permission to use the Premises (granted from LWIL Properties LLC) for purposes of submitting its application and completing its build out.

#### CLOSE ASSOCIATES AND MEMBERS

##### Close Associates or Member 1

<b>First Name:</b> Cyson	<b>Last Name:</b> Wong	<b>Suffix:</b>
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**Describe the nature of the relationship this person has with the Marijuana Establishment:** Vice President of Finance

- Responsible for overseeing the financial guidance of the marijuana establishment
- Potential 8% vested equity stake
- Leveraging his experience in commercial real estate development to help guide build out and renovations to ensure efficiency and optimization.

#### CAPITAL RESOURCES - INDIVIDUALS

##### Individual Contributing Capital 1

<b>First Name:</b> Kevin	<b>Last Name:</b> Wong	<b>Suffix:</b>	
<b>Types of Capital:</b> Land, Debt, Buildings	<b>Other Type of Capital:</b>	<b>Total Value of the Capital Provided:</b> \$535258.47	<b>Percentage of Initial Capital:</b> 20

**Capital Attestation:** Yes

##### Individual Contributing Capital 2

<b>First Name:</b> Lana	<b>Last Name:</b> Wong	<b>Suffix:</b>	
<b>Types of Capital:</b> Debt, Land, Buildings	<b>Other Type of Capital:</b>	<b>Total Value of the Capital Provided:</b> \$1355030.65	<b>Percentage of Initial Capital:</b> 51

**Capital Attestation:** Yes

### CAPITAL RESOURCES - ENTITIES

#### Entity Contributing Capital 1

Entity Legal Name: LWIL Properties LLC

Entity DBA:

Email: lwongmarketing@gmail.com Phone: 203-589-4809

Address 1: 570 Grassy Hill Road

Address 2:

City: Orange

State: CT

Zip Code: 06477

Types of Capital: Land, Buildings

Other Type of Capital:

Total Value of Capital Provided: \$640000

Percentage of Initial Capital: 24

Capital Attestation: Yes

### BUSINESS INTERESTS IN OTHER STATES OR COUNTRIES

No records found

### DISCLOSURE OF INDIVIDUAL INTERESTS

No records found

### MARIJUANA ESTABLISHMENT PROPERTY DETAILS

Establishment Address 1: 32 Char Drive

Establishment Address 2:

Establishment City: Westfield

Establishment Zip Code: 01085

Approximate square footage of the Establishment: 9150

How many abutters does this property have?: 14

Have all property abutters have been notified of the intent to open a Marijuana Establishment at this address?: Yes

### HOST COMMUNITY INFORMATION

Host Community Documentation:

Document Category	Document Name	Type	ID	Upload Date
Certification of Host Community Agreement	Host Community Agreement Single Page Certification.pdf	pdf	5e56b4005a2369047f2284ff	02/26/2020
Community Outreach Meeting Documentation	Community Outreach Documentation.pdf	pdf	5e56b55761c9e9045a79519c	02/26/2020
Plan to Remain Compliant with Local Zoning	Additional Requested Info-Local Municipality Regulations Compliance Plan .pdf	pdf	5e7a48de961ad539052bbaac	03/24/2020

Total amount of financial benefits accruing to the municipality as a result of the host community agreement. If the total amount is zero, please enter zero and provide documentation explaining this number.: \$

### PLAN FOR POSITIVE IMPACT

Plan to Positively Impact Areas of Disproportionate Impact:

Document Category	Document Name	Type	ID	Upload Date
Plan for Positive Impact	Additional Requested Info-Updated Positive Impact Plan v2.pdf	pdf	5e7cff05b014bf38e46cc1df	03/26/2020

### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

### INDIVIDUAL BACKGROUND INFORMATION

Date generated: 12/03/2020

Page: 4 of 8



#### Individual Background Information 1

**Role:** Owner / Partner **Other Role:**  
**First Name:** Kevin **Last Name:** Wong **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

#### Individual Background Information 2

**Role:** Owner / Partner **Other Role:**  
**First Name:** Tymofey **Last Name:** Wowk **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

#### Individual Background Information 3

**Role:** Owner / Partner **Other Role:**  
**First Name:** Robert **Last Name:** Pervere **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

#### Individual Background Information 4

**Role:** Other (specify) **Other Role:** Investor  
**First Name:** Lana **Last Name:** Wong **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

#### Individual Background Information 5

**Role:** Other (specify) **Other Role:** Investor  
**First Name:** Irene **Last Name:** Lachance **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

#### Individual Background Information 6

**Role:** Executive / Officer **Other Role:**  
**First Name:** Cyson **Last Name:** Wong **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

#### ENTITY BACKGROUND CHECK INFORMATION

##### Entity Background Check Information 1

**Role:** Investor/Contributor **Other Role:**  
**Entity Legal Name:** 32 Char Drive LLC **Entity DBA:**  
**Entity Description:** Potential Real Estate Holding Entity for Clean Technique LLC  
**Phone:** 301-335-5552 **Email:** kevin@cleantechniquelabs.com  
**Primary Business Address 1:** 810 Fordham Street **Primary Business Address 2:**  
**Primary Business City:** Rockville **Primary Business State:** MD **Principal Business Zip Code:** 20850  
**Additional Information:**

##### Entity Background Check Information 2

**Role:** Investor/Contributor **Other Role:**

**Date generated:** 12/03/2020

Entity Legal Name: LWIL Properties LLC

Entity DBA:

Entity Description: Current Real Estate Owner of 32 Char Drive in Westfield, MA

Phone: 203-589-4809

Email: lwongmarketing@gmail.com

Primary Business Address 1: 570 Grassy Hill Road

Primary Business Address 2:

Primary Business City: Orange

Primary Business State: CT

Principal Business Zip Code: 06477

Additional Information:

#### MASSACHUSETTS BUSINESS REGISTRATION

Required Business Documentation:

Document Category	Document Name	Type	ID	Upload Date
Articles of Organization	Certificate of Organization-Clean Technique LLC _1-15-2020.pdf	pdf	5e56b9724fa2b004756a455a	02/26/2020
Secretary of Commonwealth - Certificate of Good Standing	Certificate of Good Standing Clean Technique 1-21-2020.pdf	pdf	5e56b9b8d29b0704447da189	02/26/2020
Department of Revenue - Certificate of Good standing	Certificate of Good Standing and Tax Compliance-DOR_2-6-2020.pdf	pdf	5e56b9bb61c9e9045a7951c0	02/26/2020
Department of Revenue - Certificate of Good standing	Written Statement of Non-Requirement of DUA Certificate of Goodstanding.pdf	pdf	5e56bb5661c9e9045a7951dc	02/26/2020
Bylaws	Clean Technique LLC Operating Agreement 2-20-20.pdf	pdf	5e580df47225f0046965bd57	02/27/2020

No documents uploaded

Massachusetts Business Identification Number: 001292518

Doing-Business-As Name:

DBA Registration City:

#### BUSINESS PLAN

Business Plan Documentation:

Document Category	Document Name	Type	ID	Upload Date
Business Plan	18_CT_BusinessPlan_CCC.pdf	pdf	5e56ba21fe55e40432f73195	02/26/2020
Proposed Timeline	Additional Requested Info-Single Page Timeline After Receipt of Provisional License.pdf	pdf	5e7a46dabddf0438d21da0e3	03/24/2020
Plan for Liability Insurance	Additional Requested Info-Updated Plan to Obtain Liability Insurance.pdf	pdf	5e7a4aee1cdd2e3910a50890	03/24/2020

#### OPERATING POLICIES AND PROCEDURES

Policies and Procedures Documentation:

Document Category	Document Name	Type	ID	Upload Date
Security plan	Clean Technique, LLC Security Plan for the City of Westfield Massachusetts.pdf	pdf	5e5807704dd5bb049410957b	02/27/2020
Prevention of diversion	Diversion Prevention Plan by Clean Technique, LLC.pdf	pdf	5e5807c081ae16046becbe56	02/27/2020

Storage of marijuana	Storage of Marijuana Plan by Clean Technique, LLC.pdf	pdf	5e5807dc02a6e7045352fab7	02/27/2020
Inventory procedures	Inventory Management Plan by Clean Technique, LLC.pdf	pdf	5e5807fe61c9e9045a795627	02/27/2020
Transportation of marijuana	Transportation of Marijuana Plan by Clean Technique, LLC.pdf	pdf	5e5808195a2369047f22890b	02/27/2020
Record Keeping procedures	Record-Keeping Plan by Clean Technique, LLC.pdf	pdf	5e58084964339304b0902398	02/27/2020
Maintaining of financial records	Maintenance of Financial Records Plan by Clean Technique, LLC.pdf	pdf	5e58085cd29b0704447da5a9	02/27/2020
Qualifications and training	Qualifications and Training Plan by Clean Technique, LLC.pdf	pdf	5e5808825b05c304785eaa2b	02/27/2020
Personnel policies including background checks	Personnel Plan by Clean Technique, LLC.pdf	pdf	5e58089b81ae16046becbe5f	02/27/2020
Dispensing procedures	Dispensing Procedures Plan by Clean Technique, LLC.pdf	pdf	5e595ca5fe55e40432f73a4b	02/28/2020
Sample of unique identifying marks used for branding	Samples of Unique Identifying Marks used for branding by Clean Technique, LLC.pdf	pdf	5e5962785a2369047f228e46	02/28/2020
Restricting Access to age 21 and older	Restricting Access to age 21 and older.pdf	pdf	5e59671b4fa2b004756a4e67	02/28/2020
Separating recreational from medical operations, if applicable	Separating Recreational from Medical Operations Narrative by Clean Technique, LLC.pdf	pdf	5e59755b5a2369047f228ee1	02/28/2020
Diversity plan	Additional Requested Info-Updated Diversity Plan.pdf	pdf	5e7a4a1ab7c619391b8b72a8	03/24/2020
Method used to produce products	Additional Requested Information-UPDATED Methods of Production by Clean Technique, LLC.pdf	pdf	5e7a4e88d29ad9357159469c	03/24/2020
Quality control and testing	UPDATED Quality Control and Testing Plan for Clean Technique, LLC.pdf	pdf	5e7a50205f1da0353e2b0a8c	03/24/2020
Types of products Manufactured.	Additional Requested Information-UPDATED Types of Products Manufactured by Clean Technique, LLC V2.pdf	pdf	5e7d063b81ed8a355b8d6c78	03/26/2020

## ATTESTATIONS

I certify that no additional entities or individuals meeting the requirement set forth in 935 CMR 500.101(1)(b)(1) or 935 CMR 500.101(2)(c)(1) have been omitted by the applicant from any marijuana establishment application(s) for licensure submitted to the Cannabis Control Commission.: I Agree

I understand that the regulations stated above require an applicant for licensure to list all executives, managers, persons or entities having direct or indirect authority over the management, policies, security operations or cultivation operations of the Marijuana Establishment; close associates and members of the applicant, if any; and a list of all persons or entities contributing 10% or more of the initial capital to operate the Marijuana Establishment including capital that is in the form of land or buildings.: I Agree

I certify that any entities who are required to be listed by the regulations above do not include any omitted individuals, who by themselves, would be required to be listed individually in any marijuana establishment application(s) for licensure submitted to the Cannabis Control Commission.: I Agree

Notification: I Understand

I certify that any changes in ownership or control, location, or name will be made pursuant to a separate process, as required under 935 CMR 500.104(1), and none of those changes have occurred in this application.:

I certify that to the best knowledge of any of the individuals listed within this application, there are no background events that have arisen since the issuance of the establishment's final license that would raise suitability issues in accordance with 935 CMR 500.801.:

I certify that all information contained within this renewal application is complete and true.:

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### COMPLIANCE WITH POSITIVE IMPACT PLAN

No records found

#### COMPLIANCE WITH DIVERSITY PLAN

No records found

#### PRODUCT MANUFACTURER SPECIFIC REQUIREMENTS

No records found

#### HOURS OF OPERATION


Monday From: 7:00 AM	Monday To: 10:00 PM
Tuesday From: 7:00 AM	Tuesday To: 10:00 PM
Wednesday From: 7:00 AM	Wednesday To: 10:00 PM
Thursday From: 7:00 AM	Thursday To: 10:00 PM
Friday From: 7:00 AM	Friday To: 10:00 PM
Saturday From: 7:00 AM	Saturday To: 10:00 PM
Sunday From: 7:00 AM	Sunday To: 6:00 PM

## Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

### Applicant

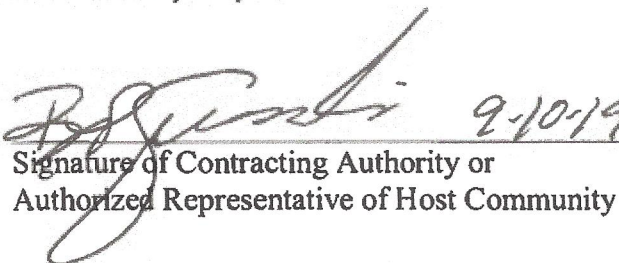
I, Kevin Wong, (*insert name*) certify as an authorized representative of Clean Technique, LLC (*insert name of applicant*) that the applicant has executed a host community agreement with the City of Westfield (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on September 10, 2019 (*insert date*).

  
Signature of Authorized Representative of Applicant

**SIGN  
HERE**

### Host Community

I, Brian P. Sullivan, Mayor, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for the City of Westfield (*insert name of host community*) to certify that the applicant and the City of Westfield (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on 9/10/19 (*insert date*).

  
Signature of Contracting Authority or  
Authorized Representative of Host Community

## Community Outreach Meeting Attestation Form

The applicant must complete each section of this form and initial each page before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant appear in italics. Please note that submission of information that is "misleading, incorrect, false, or fraudulent" is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

I, Kevin Wong, (insert name) attest as an authorized representative of Clean Technique LLC (insert name of applicant) that the applicant has complied with the requirements of 935 CMR 500 and the guidance for licensed applicants on community outreach, as detailed below.

1. The Community Outreach Meeting was held on January 7, 2020 (insert date).
2. A copy of a notice of the time, place, and subject matter of the meeting, including the proposed address of the Marijuana Establishment, was published in a newspaper of general circulation in the city or town on December 13, 2019 (insert date), which was at least <sup>fourteen</sup> ~~seven~~ calendar days prior to the meeting. A copy of the newspaper notice is attached as Attachment A (please clearly label the newspaper notice in the upper right hand corner as Attachment A and upload it as part of this document).
3. A copy of the meeting notice was also filed on December 6, 2020 (insert date) with the city or town clerk, the planning board, the contracting authority for the municipality, and local licensing authority for the adult use of marijuana, if applicable. A copy of the municipal notice is attached as Attachment B (please clearly label the municipal notice in the upper right-hand corner as Attachment B and upload it as part of this document).
4. Notice of the time, place and subject matter of the meeting, including the proposed address of the Marijuana Establishment, was mailed on December 6, 2020 (insert date), which was at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the Marijuana Establishment, and residents within 300 feet of the property line of the petitioner as they appear on the most recent applicable tax list, notwithstanding that the land of any such owner is located in another city or town. A copy of one of the notices sent to abutters and parties of interest as described in this section is attached as Attachment C (please clearly label the municipal notice in the upper right hand corner as Attachment C and upload it as part of this document; please only include a copy of one notice and please black out the name and the address of the addressee).

5. Information was presented at the community outreach meeting including:
  - a. The type(s) of Marijuana Establishment to be located at the proposed address;
  - b. Information adequate to demonstrate that the location will be maintained securely;
  - c. Steps to be taken by the Marijuana Establishment to prevent diversion to minors;
  - d. A plan by the Marijuana Establishment to positively impact the community; and
  - e. Information adequate to demonstrate that the location will not constitute a nuisance as defined by law.
6. Community members were permitted to ask questions and receive answers from representatives of the Marijuana Establishment.



# CLASSIFIED

www.thewestfieldnews.com/classifieds

**DEADLINE: 2 DAYS DAY BEFORE**

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413-562-4181 Ext. 118**

Email floram@thewestfieldnewsgroup.com

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Photos look for your  
n located at the top.

## LEGAL NOTICES

December 13, 2019  
(SEAL)  
THE COMMONWEALTH  
OF MASSACHUSETTS  
LAND COURT  
DEPARTMENT OF  
THE TRIAL COURT  
19 SM 005985  
**ORDER OF NOTICE**

To:  
Dawn-Marie Deraleau  
and to all persons entitled to the benefit of the  
Servicemembers Civil Relief Act, 50 U.S.C. c.  
50 §3901 (et seq):  
Lakeview Loan Servicing, LLC

claiming to have an interest in a Mortgage covering real property in Westfield, numbered 28 Phillip Avenue, given by Dawn-Marie Deraleau and Richard James Diodati, III to Mortgage Electronic Registration Systems, Inc., as nominee for Mid-Island Mortgage Corp., dated August 5, 2011 and recorded in the Hampden County Registry of Deeds in Book 18874, Page 485, as modified by a certain modification agreement dated November 30, 2017, and recorded with said Hampden County Registry of Deeds in Book 21993, Page 529, and now held by the Plaintiff by assignment, has/have filed with this court a complaint for determination of Defendant's/Defendants' Servicemembers status.

If you now are, or recently have been, in the active military service of the United States of America, then you may be entitled to the benefits of the Servicemembers Civil Relief Act. If you object to a foreclosure of the above mentioned property on that basis, then you or your attorney must file a written appearance and answer in this court at **Three Pemberton Square, Boston, MA 02108** on or before January 27, 2020 or you may lose the opportunity to challenge the foreclosure on the ground of noncompliance with the Act.

Witness, Gordon H. Piper,  
Chief Justice of this Court  
on December 10, 2019.

Attest: Deborah J. Patterson  
Recorder  
16826

December 13, 2019

### Community Outreach Meeting

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for January 7th, 2020 at 6:15pm at The Westfield Athenaeum-Committee Room located at 6 Elm Street in Westfield, MA 01085.

The proposed Marijuana Product Manufacturer is anticipated to be located at 32 Char Drive in Westfield, MA 01085. There will be an opportunity for the public to ask questions.

Topics which will be addressed:

- The type(s) of Marijuana Establishment to be located at the proposed address
- Information adequate to demonstrate that the location will be maintained securely
- Steps to be taken by the Marijuana Establishment to prevent diversion to minors
- A plan by the Marijuana Establishment to positively impact the community
- Information adequate to demonstrate that the location will not constitute a nuisance as defined by law
- Measures being taken to ensure the integrity of the neighborhood remains intact
- Engineering/environmental controls

## HELP WANTED

**BUILDING INSPECTOR/  
ZONING ENFORCEMENT  
OFFICER**

**TOWN OF SOUTHWICK**

Building Inspector/Zoning Enforcement Officer sought. The 40 hour per week position requires exceptional communication, interpersonal and customer service skills. Works under the Select Board's and Chief Administrative Officer. Assures compliance with state and local building codes, special permit conditions, stormwater permit decisions, zoning bylaws, plan reviews and approves construction plans and issues building permits. Conducts inspections and oversees other inspectors. Successful candidate will have minimum five (5) years experience in the supervision of building construction; certification as a local inspector or certification as a Inspector of Buildings/Building Commissioner and general knowledge of building materials and safety. Full Job Description available.

The annual starting salary range is \$62,000.00 to \$69,000.00 depending upon qualifications and experience.

Submit letter, resume and standard town application form to:

Select Board's Office  
Town Hall, 454  
College Highway  
Southwick, MA 01077

Position open until filled. Applications may be obtained by calling (413) 569-5995 or at the Town Website @ [www.southwickma.org](http://www.southwickma.org).

The Town is an EOE

To advertise your business call 413-562-4181 x118

**PROFESSIONAL SERVICES BOARD**

**DOES IT**





RECEIVED

Attachment B

DEC 11

10 25 AM

[www.cleantechniquelabs.com](http://www.cleantechniquelabs.com)

WESTFIELD CITY CLERK

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for January 7<sup>th</sup>, 2020 at 6:15pm at The Westfield Athenaeum-Committee Room located at 6 Elm Street in Westfield, MA 01085. The proposed Marijuana Product Manufacturer is anticipated to be located at 32 Char Drive in Westfield, MA 01085. There will be an opportunity for the public to ask questions.

Topics which will be addressed:

- The type(s) of Marijuana Establishment to be located at the proposed address
- Information adequate to demonstrate that the location will be maintained securely
- Steps to be taken by the Marijuana Establishment to prevent diversion to minors
- A plan by the Marijuana Establishment to positively impact the community
- Information adequate to demonstrate that the location will not constitute a nuisance as defined by law
- Measures being taken to ensure the integrity of the neighborhood remains intact
- Engineering/environmental controls

December 6, 2019

[REDACTED]

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for January 7<sup>th</sup>, 2020 at 6:15pm at The Westfield Athenaeum-Committee Room located at 6 Elm Street in Westfield, MA 01085. The proposed Marijuana Product Manufacturer is anticipated to be located at 32 Char Drive in Westfield, MA 01085. There will be an opportunity for the public to ask questions.

Topics which will be addressed:

- The type(s) of Marijuana Establishment to be located at the proposed address
  - Information adequate to demonstrate that the location will be maintained securely
  - Steps to be taken by the Marijuana Establishment to prevent diversion to minors
  - A plan by the Marijuana Establishment to positively impact the community
  - Information adequate to demonstrate that the location will not constitute a nuisance as defined by law
  - Measures being taken to ensure the integrity of the neighborhood remains intact
  - Engineering/environmental controls
- [REDACTED]

## Clean Technique, LLC's Local Municipality Regulations Compliance Plan

### Purpose

In accordance with 935 CMR 500.101(1)(a)(10), Clean Technique LLC ("Clean Technique") submits the following plan demonstrating its ongoing compliance with local codes, ordinances, and municipal bylaws for the physical address of its Marijuana Establishment, which includes, without limitation, the identification of all local licensing requirements for the adult use of Marijuana. Compliance in this regard is a pillar of Clean Technique's commitment to its community to be a productive neighbor.

### Roles, Responsibilities and Functional Group(s)

Title	Responsibilities
VP of Technical Operations & Manufacturing	<ul style="list-style-type: none"><li>● To ensure regular communication with municipal officials, specifically Westfield's Building Department, Fire Department, Police Department, Mayor's Office, Health Department and City Council to maintain adherence to local ordinances, including those that relate to marijuana establishments.</li><li>● Will attend City Council and Planning Board meetings at least quarterly to stay informed on any ordinance updates.</li><li>● Will contact the Planning Board office to review plans for renovation prior to applying for a building permit and will not move forward until we receive the Planning Board's approval</li><li>● Will contact the Planning Board prior to applying for Certificate of Occupancy, to provide a written statement that work has been done in compliance with approved plans and procure a performance bond if requested</li><li>● Will strictly adhere to Ethanol management protocols created by our Engineering group, Loureiro Engineering to ensure full compliance. Clean Technique's VP of Technical Operations &amp; Manufacturing will review protocols continuously on a monthly basis to ensure measures are effective and consult with Loureiro Engineering on a</li></ul>

	<p>quarterly basis to obtain feedback to any adjusted protocols.</p> <ul style="list-style-type: none"> <li>● Clean Technique will prohibit the use of all synthetic fertilizers, pesticides and herbicides from being used on the landscape and will only use non-salt, ecologically friendly, de-icing materials on parking lot and walkways. Clean Technique's VP of Technical Operations &amp; Manufacturing will effectively oversee these policies and convey them to the contracted landscaping and snow removal companies, which may include one of the following: <ul style="list-style-type: none"> <li>○ <a href="https://www.nelawncare.com/organic-lawn-care-westfield-ma/">https://www.nelawncare.com/organic-lawn-care-westfield-ma/</a></li> <li>○ <a href="https://rjmlandscaping.com/">https://rjmlandscaping.com/</a></li> </ul> </li> </ul>
VP of Sales & Marketing	<ul style="list-style-type: none"> <li>● To ensure regular communication with municipal officials, specifically the City Planner and Planning Board to maintain adherence to local marijuana ordinances always and to keep open lines of communication and provide transparency.</li> <li>● Will contact the Planning Board office to review plans for renovation prior to applying for a building permit and will not move forward until we receive the Planning Board's approval</li> <li>● Will proactively contact the Planning Board to update them on progress and status throughout the duration of the build out</li> </ul>
VP of Strategic Business Development	<ul style="list-style-type: none"> <li>● To ensure regular communication with municipal officials, specifically in regards to community outreach initiatives, to maintain adherence to local marijuana ordinances when creating community programs for the City of Westfield.</li> </ul>

*\*\*\*Eventually, Clean Technique's VP of Governmental Affairs and Public Relations will oversee all communications with the City of Westfield. Until feasible to fill this position full-time, Clean Technique's*

*VP of Sales & Marketing and/or VP of Technical Operations & Manufacturing will occupy this role\*\*\**

## **Scope**

Westfield, Massachusetts, where Clean Technique's anticipated manufacturing facility is sited, has enacted two ordinances related to the operation of Marijuana Establishments: a General Ordinance (Article VII, Ordinance No. 1687) and a Zoning Ordinance (Article IV, Section 4-90).

## **Special Permit/Site Plan Approval**

Under the Zoning Ordinance, Clean Technique meets the definition of a Marijuana Production Operation, which is classified and allowed in the same manner as any other light industrial use or similarly operating non-marijuana manufacturing/processing (to include cultivating), packing, wholesaling, research/testing or warehousing use, subject to all other requirements of the ordinance, provided that the Planning Board issue a Site Plan Approval and makes certain required findings.

Attached hereto is Clean Technique's Special Permit/Site Plan Approval, issued by the Planning Department of the City of Westfield on June 18, 2019. Following a 20-day notice and comment period, during which time there were no objections or appeals, the Special Permit/Site Plan Approval was filed on July 10, 2019. By the Special Permit/Site Plan Approval, the Westfield Planning Board granted to Clean Technique, approval to operate a Marijuana Production Operation within the City of Westfield, for its physical address, subject to the following use conditions (collectively, "Use Conditions"):

1. The site shall be developed and maintained in accordance with the approved site plan, entitled "Proposed Marijuana Production Operation Site & Landscaping Plan" revised 6/7/19, as prepared by R Levesque Associates, Inc., signed and sealed by Robert Levesque, R.L.A. A paper and a digital (PDF) copy of the site plan, incorporating any modifications herein conditioned, shall be submitted to the Planning office prior to making application for a building permit or commencing the subject site construction.
  - Clean Technique's VP of Sales and Marketing and/or VP of Technical Operations & Manufacturing will contact the Planning Board office to review plans for renovation prior to applying for a building permit and will not move forward until we receive the Planning Board's approval
  - Clean Technique's VP of Sales and Marketing and/or VP of Technical Operations & Manufacturing will proactively contact the Planning Board to update them on progress and status throughout the duration of the build out
2. Upon project completion, and prior to applying for a final Certificate of Occupancy from the Building Inspector or otherwise commencing the subject use, the applicant shall provide the Board with a written statement that all work has been done in accordance with the approved plans and applicable conditions of this approval, or otherwise noted. The Board reserves the right to require a performance bond to ensure that outstanding issues are suitably addressed.
  - Upon completion of renovations, Clean Technique's VP of Sales and Marketing and/or VP of Technical Operations & Manufacturing, who enjoy an ongoing rapport with the

City Planning Board, will contact the Planning Board prior to applying for Certificate of Occupancy, to provide a written statement that work has been done in compliance with approved plans and procure a performance bond if requested

3. Ethanol shall be managed in accordance with the submitted Spill Prevention and Control memorandum by Loureiro Engineering, dated 5/15/19. No other hazardous materials, chemicals, paints/coatings, pesticides, engine oils or fuels shall be stored or used on the premises (except in normal household quantities).
  - Clean Technique will strictly adhere to Ethanol management protocols created by our Engineering group, Loureiro Engineering to ensure full compliance. Clean Technique's VP of Technical Operations & Manufacturing will review protocols continuously on a monthly basis to ensure measures are effective and consult with Loureiro Engineering on a quarterly basis to obtain feedback to any adjusted protocols.
4. No synthetic fertilizers, pesticides or herbicides shall be applied to the landscape or stored on the property at any time. Only non-salt deicing materials shall be utilized, which shall be restricted to the minimum amount necessary, with sand and ecologically- and water quality compatible alternatives utilized.
  - Clean Technique will prohibit the use of all synthetic fertilizers, pesticides and herbicides from being used on the landscape and will only use non-salt, ecologically friendly, de-icing materials on parking lot and walkways. Clean Technique's VP of Technical Operations & Manufacturing will effectively convey these policies with any contracted landscaping and snow removal companies, which may include, one of the following companies:
    - <https://www.nelawncare.com/organic-lawn-care-westfield-ma/>
    - <https://rjmlandscaping.com/>

### **General Ordinances of Westfield, Massachusetts**

Pursuant to Chapter 8, Article VII, Sec. 8-173, of the General Ordinances of the City of Westfield, Massachusetts, Clean Technique, as a Marijuana Production Operation, will, under the oversight of the personnel identified above, adhere strictly to the following performance standards wherever applicable:

- (1) Clean Technique will not acquire, cultivate, possess, process, transfer, transport, sell, distribute, dispense, or administer marijuana, or products containing marijuana, in the absence of any required registration issued by the state department of public health and/or cannabis control commission.
- (2) Clean Technique, if operating as of January 1, shall maintain a valid local registration with the board of health by submission of an annual report not later than January 31, which shall consist of a copy of all current applicable state licenses for the facility, personnel contact information and demonstrated compliance with any conditions of operation. Any changes of ownership or management staff will be reported to the board of health within 30 days.

(3) Clean Technique's facility will be ventilated in such a manner that:

- a. No pesticides, insecticides or other chemicals or products used in the cultivation or processing are dispersed into the outside atmosphere.
- b. Any return air exhausted to the outside shall be passed through commercially available odor scrubbers.

(4) All aspects of the use/facility relative to the acquisition, cultivation, possession, processing, sales, distribution, dispensing, or administration of marijuana, products containing marijuana, related supplies, or educational materials will be fully enclosed and will not be visible from the exterior of the building or delivery vehicle. No materials will be stored out-of-doors.

(5) No public access to Clean Technique's facility, or delivery to the premises, will be permitted between the hours of 9:00 p.m. and 7:00 a.m.

(6) On-site use or consumption of marijuana is prohibited.

(7) Clean Technique will not permit the sale of Massachusetts lottery tickets, alcohol, tobacco products or nicotine delivery products on its premises.

(8) The provisions of section 8-171 (which state "No person shall consume, display, nor cause odors to emit from, marijuana in any form nor any accessory device associated with same, within, into or visible from any street, sidewalk, way in which the general public is afforded access, nor on or in any city owned, operated, or leased buildings or lands") shall be clearly posted within any publicly accessible facility under a title having text not less than one inch in height and reading "City of Westfield Ordinance Sec. 8-171"

### **Procedural Description of Regulatory Compliance**

As shown therein, the Special Permit/Site Plan Approval "runs with the land," and will bind the owner of the premises, Clean Technique, and their successors and assigns. However, for as long as Clean Technique occupies the premises and seeks to conduct a Marijuana Product Operation, Clean Technique must continue to satisfy the Use Conditions (as described above), and keep track of any changes in local ordinances, including zoning. To this end, Clean Technique will carefully monitor changes to local zoning ordinances and other relevant municipal ordinances by taking the following actions:

- Liaise with local government officials, including the Mayor of Westfield, the Westfield City Council, the Westfield City Planner, the Westfield Planning Board, the Westfield Building Department, the Westfield Fire Department, the Westfield Police Department, and the Westfield Health Department.
  - o Clean Technique will contact officials from the foregoing city agencies at least quarterly, to discuss: (i) addition of any new ordinances or revisions of existing ordinances; and (ii) any potential areas of concern and critical feedback; and (iii) proposals for new ordinances affecting Marijuana Establishments within the City of Westfield.
- Attend public hearings/meetings of the Westfield City Council and the Westfield Planning Board

on a quarterly basis at minimum.

- Westfield City Council Meetings are held the first and third Thursdays of every month, with a reduced schedule during summer months (<https://www.cityofwestfield.org/122/City-Council>)
- Westfield Planning Board Meetings are held the first and third Tuesdays of every month, with a reduced schedule during summer months (<https://www.cityofwestfield.org/111/Planning-Board>)
- Work with legal counsel, Hiller, PC, and Clean Technique's Site Planner, R. Levesque Associates (RLA), to identify proposed changes to local zoning laws that may impact Clean Technique, determine any actions necessary to comply with such proposed changes if adopted, and, if such changes are adopted, take the necessary steps to bring Clean Technique into compliance with them. We intend to contact RLA on a quarterly basis for any potential updates to local zoning ordinances that may impact Clean Technique.
- Review local periodicals, including *The Westfield News*, on a daily basis, for discussion of any proposed changes to local zoning laws, disputes, variances, and resolutions, which could impact Clean Technique and its operations.

**Applicable Approvals and Ordinances:**

- Article IV Section 4-90
- General Ordinance 1687-Article VII
- Special Permit/Site Plan Approval

**\*\*\*In accordance with the conditions of its Special Permit/Site Plan Approval, Clean Technique will comply with all applicable and necessary local laws imposed upon it, including, but not limited to, laws pertaining to garbage disposal/recycling and water rights\*\*\***





Bk 22747 Pg 390 #37460  
07-10-2019 @ 12:02p  
*City of Westfield*  
PLANNING BOARD DECISION

**SPECIAL PERMIT / SITE PLAN APPROVAL**

SUBJECT PROPERTY: 32 Char Dr.

APPLICANT: Clean Technique, LLC  
810 Fordham St., Rockville, MD 20850

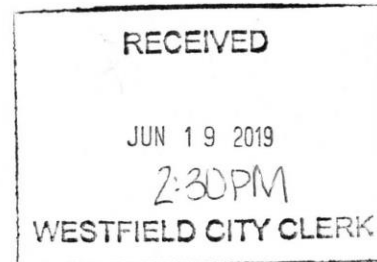
OWNER: Char Drive Realty, LLP  
10 Chestnut Hill Rd., South Hadley, MA 01075

DEED REFERENCE: H.C.R.D. Book 19362 Page 384  
ASSESSORS REF: Map 64R Lot 38  
ZONING DISTRICT: Business B & Water Resources

FILING DATE: May 3, 2019  
CITY CLERK FILE #: 2854  
MUNIS #: 20190846

NOTICE PUBLISHED: May 6 & 13, 2019  
NOTICES MAILED: May 7, 2019

HEARING OPENED: May 21, 2019  
DECISION: June 18, 2019



**Decision**

Following a duly noticed public hearing, the Planning Board APPROVED (7-0) a Special Permit and Site Plan per Zoning Ord. Sec. 4-90.3(2)/6-10, 4-90.4(2) and 3-170.7(1) to allow for a Marijuana Production Operation. Members Puza, Salois, McEwan, Magarian, Crowe, St. Hilaire and Bowen voted in favor of a motion to approve, with the findings and conditions herein. Members Carellas and Goyette were ineligible.

**General Conditions**

This approval shall not take effect until such time as the applicant has recorded in the Hampden County Registry of Deeds a copy of this decision bearing the certification of the City Clerk that twenty days have elapsed after the decision has been filed in the office of the City Clerk and no appeal has been filed or that if such appeal has been filed, that it has been dismissed or denied.

The application, evidence and testimony presented at the public hearing are necessarily incorporated herewith to more fully describe the scope and basis of this approval. Any change, extension or alteration of the use or site, as then proposed, shall require prior written approval. Minor changes or deviations may be permitted by an administrative action of the Board; other changes may require a formal amendment or additional approval.

The Board retains its jurisdiction and right, on its own motion, to reconsider, revoke or amend this approval (after holding a public hearing in accordance Section 1-50.2) when it has cause to believe there had intentionally been false or misleading information given, or there is repeated material noncompliance with any condition imposed herein.

This approval shall run with the land and, unless otherwise conditioned below, the parties constituting the applicant and owner shall be inclusive of their successors and assigns.

Unless exception is made, the rights granted through this approval shall lapse if not exercised by the substantial use or subject construction being commenced within 2 years.

#### **Special Conditions**

The Board found valid cause and authority, pursuant to Sections 1-50.7 and 6-10.2 of the Zoning Ordinance, to impose the following conditions of this approval:

1. The site shall be developed and maintained in accordance with the approved site plan, entitled "Proposed Marijuana Production Operation Site & Landscaping Plan" revised 6/7/19, as prepared by R Levesque Associates, Inc., signed and sealed by Robert Levesque, R.L.A. A paper and a digital (PDF) copy of the site plan, incorporating any modifications herein conditioned, shall be submitted to the Planning office prior to making application for a building permit or commencing the subject site construction.
2. Upon project completion, and prior to applying for a final Certificate of Occupancy from the Building Inspector or otherwise commencing the subject use, the applicant shall provide the Board with a written statement that all work has been done in accordance with the approved plans and applicable conditions of this approval, or otherwise noted. The Board reserves the right to require a performance bond to ensure that outstanding issues are suitably addressed.
3. Ethanol shall be managed in accordance with the submitted Spill Prevention and Control memorandum by Loureiro Engineering, dated 5/15/19. No other hazardous materials, chemicals, paints/coatings, pesticides, engine oils or fuels shall be stored or used on the premises (except in normal household quantities).
4. No synthetic fertilizers, pesticides or herbicides shall be applied to the landscape or stored on the property at any time. Only non-salt deicing materials shall be utilized, which shall be restricted to the minimum amount necessary, with sand and ecologically- and water quality-compatible alternatives utilized.

#### **Findings**

After giving due regard to the application, testimony and evidence at the public hearing, the Board found that (1) The specific site is an appropriate location for such a light industrial use (marijuana processing/testing); (2) The use as developed will not adversely affect the neighborhood, which is generally industrial in nature, although residential use/district exists within 300'; (3) Adequate and appropriate facilities, including backup power, will be provided for the proper operation of the proposed use, which is a reuse of an existing developed site (4) The

plan as approved conforms to all rules and regulations, except as waived. (5) The use, which may qualify as a small quantity generator per 3-170.5(1a) relative to ethanol use, is in harmony with the intent of this ordinance and water resource district and will not interfere with water resource protection given the procedures proposed; (6) the use is appropriate to the natural topography, soils, drainage, vegetation and other water-related characteristics of the site, and is designed to minimize substantial disturbance of these natural site characteristics; and (7) the re-use of this property in the manner proposed, including reduction impervious surfaces will not adversely affect the existing or potential quality or quantity of groundwater available in this district.

In reviewing the site plan, the Board found that (1) The site is in conformance with the intent of the underlying district and does not take precedence over other specific provisions of the Ordinance; (2) All buildings, structures, uses, equipment and materials are readily accessible for police and fire protection, as the plans have been submitted to, and not been objected to, by public safety Departments; (3) Adequate off-street parking and loading spaces exist to prevent on-street and off-street traffic congestion; all parking spaces and maneuvering areas are suitably identified and meet standards; and pedestrian and vehicular circulation is sufficiently segregated to ensure safe pedestrian movement within and adjacent to the property. (4) Pedestrian access routes do not create traffic hazards and are: adequate in width, grade, alignment and visibility; are an adequate distance from street corners, places of public assembly and other access ways; and are adequately designed for safety considerations. (5) General landscaping of the site, as it exists and is augmented, complies with the purpose and intent of this ordinance; no significant tree removal is necessary; parking, storage, refuse containers and service areas are suitably screened during all seasons from the view of adjacent areas and the street by way of location. (6) The lighting of the site will be adequate, but not excessive, at ground level for the protection and safety of persons in regard to pedestrian and vehicular circulation; due to the abutting woods, the Board specifically waives the light trespass limitations at the residential lot line, to the degree depicted on the submitted photometric plan by Hubbell Lighting, dated 5/6/19.

(7) Utility system locations, design and installation are in compliance with, and will meet the approval of the appropriate boards, departments and agencies, and will protect the environment from adverse pollution. Additionally, (8) No sensitive environmental land features such as steep slopes, and large rock outcroppings, public scenic views or historically significant features on the property will be impacted. (9) The location, design and size of proposed building as well as the nature and intensity of the uses involved or conducted in connection therewith, are in general harmony with the adjacent industrial-style neighborhood.

Further, based on the submitted security plans the facility will provide adequate and appropriate security measures and, as no cultivation of plants is proposed, there will be no adverse or inconsistent olfactory impacts. As reuse of an existing developed site with few physical alterations, there will be no inconsistent visual impacts on the immediate neighborhood. The project is reasonably capable of meeting all applicable regulations and permitting requirements of the Commonwealth of Massachusetts.

#### **Enforcement**

This permit and its conditions are enforceable by the Superintendent of Buildings, pursuant to Section 1-10.1 of the Zoning Ordinance and subject to the penalties authorized therein.

**Appeal**

Any person aggrieved as a result of this action by the Board has the right of court appeal if that appeal is filed in Superior, Housing or Land Court within 20 days of the filing of this decision with the City Clerk's Office of the City of Westfield, as pursuant to M.G.L. Chapter 40A, Sec. 17.

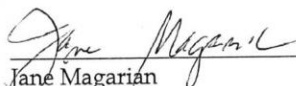
[SIGNATURE PAGE FOLLOWS]

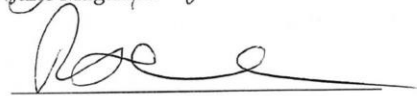
32 Chae Drive


The PLANNING BOARD of the CITY OF WESTFIELD

  
William Carellas, Chair


  
John Bowen

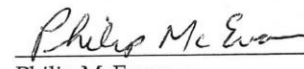
  
Jane Magarian

  
Raymond St. Hilaire

  
Richard Salois, Associate

  
Cheryl Crowe, Vice Chair/Clerk

  
Robert Goyette, Jr.

  
Philip McEwan

  
Bernard Puza, Associate

CITY CLERK'S CERTIFICATION

FILE NO. 2854

CITY CLERK'S OFFICE  
WESTFIELD, MASSACHUSETTS

DATE: July 10, 2019

I, Cheryl A. Coakley-Rivera, CLERK OF THE CITY OF WESTFIELD HEREBY CERTIFY THAT THE NOTICE OF THIS DECISION RENDERED BY THE WESTFIELD PLANNING BOARD HAS BEEN RECEIVED AND RECORDED AT THIS OFFICE, AND THAT NO NOTICE OF APPEAL WAS RECEIVED DURING THE TWENTY DAYS NEXT AFTER SUCH RECEIPT AND RECORDING OF SAID NOTICE.

PAGE 5 OF 5

CHERYLA A. COAKLEY-RIVERA, ESQ.  
HAMPDEN COUNTY REGISTRY OF DEEDS  
WESTFIELD, SATELLITE OFFICE

**Plan by Clean Technique, LLC to positively impact areas of disproportionate impact, as defined by the Commission, under 935 CMR 500.101(1)(a)(11)**

**Introduction**

As required by 935 CMR 500.101(1)(a)(11) and in full compliance with the required details in the CCC's "Revised Guidance on Disproportionate Impact and Diversity Plans," Clean Technique, LLC ("Clean Technique") submits the following plan to promote equity for "past or present residents of the geographic 'areas of disproportionate impact,' which have been defined by the Commission and identified in its Guidance for Identifying Areas of Disproportionate Impact," available at <https://mass-cannabis-control.com/wp-content/uploads/2018/04/FINAL-DRAFT-Areas-of-Disproportionate-Impact-1.pdf>.

Under St. 2017, c.55, *An Act To Ensure Safe Access To Marijuana*, the Cannabis Control Commission notes that "Criminalization [particularly of Blacks and Latinos] has had long-term ill effects, not only on the individuals arrested and incarcerated, but on their families and communities." One of the most effective tools to break the cycle of poverty and heal some of the collateral consequences of the failed War on Drugs is to provide quality education for these communities, with a particular focus on gaining a competitive advantage for new start-up companies owned by disproportionately affected groups.

As described in detail below, our plan at Clean Technique to positively affect areas of disproportionate impact is to host an incubator program that aids start-up companies owned by disproportionately harmed communities for a minimum of one time annually at the location of the Holiday Inn Express in downtown Springfield, MA.

We have chosen to site our prospective Marijuana Establishment in the city of Westfield, which borders Springfield. Springfield has been identified as one of the 29 Areas of Disproportionate Impact by the Cannabis Control Commission, and as our neighbors, we want to contribute to Springfield's – as well as other areas of disproportionate impact in Massachusetts – development in the cannabis industry, especially as it applies to start-up companies owned by disproportionately harmed communities. Furthermore, we at Clean Technique, a scientific company, know the opportunities that can arise from learning about quality, science and business development, something we ourselves are doing, as well.

**Clean Technique's Goal**

Our goals are to, on an annual basis, provide at least two start-up companies, owned by individuals from one of the designated Springfield Census Tracts Areas (as set forth in Table 3 of the Commission's Guidance for Identifying Areas of Disproportionate Impact, found at <https://mass-cannabis-control.com/wp-content/uploads/2018/04/FINAL-DRAFT-Areas-of-Disproportionate-Impact-1.pdf>), with science-backed educational resources, to better prepare them for technical opportunities in the cannabis industry, and to inspire careers in cannabis and technology. Since barriers to entry often relate to a lack of access to quality management systems, scientific expertise and sales/marketing/data analytics, our specific goal is to provide the educational tools and resources necessary for STEM and science-focused start-up cannabis companies that are owned by individuals who may traditionally lack access to these resources. We will accomplish this through sponsoring and hosting an annual educational program in Springfield, MA, that focuses on exactly this goal.

We believe we are uniquely qualified to add value to residents of Springfield because two of our team members, Kevin Wong and Robert Pervere, have 36+ years of collective experience working in the Life Sciences/Healthcare sector, and our team includes a university professor, Tymofey Wowk, who: (i) has 10+ years of experience teaching; (ii) two Masters degrees in International Policy Studies and Teaching English to Speakers of Other Languages, respectively; (iii) and is currently completing a PhD centered on minority student success in community college. Tymofey has taught at Howard University, the University of Maryland Baltimore County, and Montgomery College.

### **Clean Technique's Incubator Program**

To ensure the individuals we help are poised for success in the cannabis industry, we will volunteer our time and expertise to teach the following topics through two (2) academic tracks presented at a free 3-hour lunch and learn seminar, for up to 22 participants at a minimum of 1 time annually:

#### **Academic Track 1**

- Quality Management Systems (why are they necessary and how they can increase profit)
- How Science, Technology, Engineering, Mathematics fits into the Cannabis Landscape.

#### **Academic Track 2**

- Sales & Marketing (Methods to strengthen brand awareness through quality and how to sell it)
- Data Analytics (How to make sense of cannabis retail data through data triangulation)

#### **We plan to promote this seminar by:**

- By advertising posters, press releases, and/or seminar information, on a monthly basis during the three months preceding the seminar, through: The Republican, Springfield's local newspaper; and on our social media platforms including Instagram and Twitter; and
- Distributing seminar information via email blasts, on a monthly basis, to start-up cannabis companies based in the Springfield area that we meet through cannabis-based conventions and networking events in Springfield, including the Annual Springfield Cannabis Convention hosted by NECANN.

#### **Seminar Logistics**

We plan to hold this annual seminar at a 25-person meeting room at the Holiday Inn Express in downtown Springfield.

Because advertisements of charitable and other such events is only permitted if at least 85% of the audience is reasonably expected to be 21 years of age or older in accordance with 935 CMR 500.105(4)(a)(2), our newspaper posting will clearly and explicitly state that all participants must be at least 21 years of age to attend our seminars. In addition, we will also ensure that no one under the age of 21 will attend these seminars by verifying identification and licenses of participants in accordance with 500.105(2)(b)(7)(d)(i)-(v), before we begin each of our events. By both contributing financially and via our time and expertise, we envision helping start-up companies owned by individuals from disproportionately harmed communities in preparing for technical opportunities in the cannabis industry within Massachusetts.

### **Clean Technique's Measurement and Accountability**

We will track the success of our incubator program through the following methods:

- Record the number of start-up companies owned by disproportionately harmed communities which attend our annual event to track participation rates and work toward our goal.
- Record the number of start-up companies that provide positive feedback concerning the seminar in response to Clean Technique's surveys described below.
- Distribute surveys to our participants to determine how well we are meeting their needs, and what else we could do to better address their needs in our future events. Survey questions will include but are not limited to:
  - Please describe your current status in the cannabis licensing process?



- If comfortable, please describe the minority, social equity or other group to which you belong?
- Where are you from and where do you plan on operating your business?
- In what ways did the content covered today address your current business needs?
- What topics were not covered and which you would like to see in future seminars?
- How could we increase awareness and access to our seminars?
- Would you recommend our seminar to others?
- Additional comments

Should we secure a license, to renew it we will need to “demonstrate that the identified programs in the plan led to measurable success of the licensee’s goals” by documenting the progress or success of this Positive Impact Plan in an annual report (935 CMR 500.103(4)(a)).

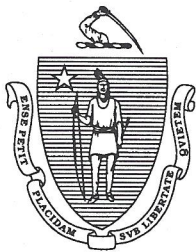
## **Conclusion**

We are aware of, and will follow with the strictest adherence, the additional following guidelines listed in the revised Guidance on Required Positive Impact Plans and Diversity Plans:

1. The applicant acknowledges and is aware, and will adhere to, the requirements set forth in 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices of every Marijuana Establishment; and
2. Any actions taken, or programs instituted, will not violate the Commission’s regulations with respect to limitations on ownership or control or other applicable state laws.

We believe that within areas of disproportionate impact, there is also great opportunity to empower talented individuals with the science-based education needed to take advantage of technical opportunities in this growing industry. We are extremely optimistic that our incubator program will provide the tools for success to science-oriented cannabis start-up companies owned by individuals from disproportionately harmed communities for years to come.





*The Commonwealth of Massachusetts*  
*Secretary of the Commonwealth*  
*State House, Boston, Massachusetts 02133*

William Francis Galvin  
Secretary of the  
Commonwealth

January 15, 2020

TO WHOM IT MAY CONCERN:

I hereby certify that a certificate of organization of Limited Liability Company was filed in this office by

**CLEAN TECHNIQUE LLC  
(ORGANIZED AS: ROIL HARVEST LLC)**

in accordance with the provisions of Massachusetts General Laws Chapter 156C  
on **September 26, 2017**.

I also certify that the following amendments to said Limited Liability Company have been filed:

**Amendment filed: May 14, 2018**

I further certify that no other amendment to said certificate of organization has been filed; that, said Limited Liability Company has not filed a certificate of cancellation; that there are no proceedings presently pending under the Massachusetts General Laws Chapter 156C, § 70 for said Limited Liability Company's dissolution; and that, so far as appears of record, said Limited Liability Company has legal existence.

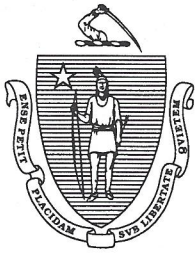


In testimony of which,  
I have hereunto affixed the  
Great Seal of the Commonwealth  
on the date first above written.

*William Francis Galvin*

Secretary of the Commonwealth

Processed By:NGM



William Francis Galvin  
Secretary of the  
Commonwealth

*The Commonwealth of Massachusetts*  
*Secretary of the Commonwealth*  
*State House, Boston, Massachusetts 02133*

January 21, 2020

TO WHOM IT MAY CONCERN:

I hereby certify that a certificate of organization of a Limited Liability Company was filed in this office by

**CLEAN TECHNIQUE LLC**

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **September 26, 2017.**

I further certify that said Limited Liability Company has filed all annual reports due and paid all fees with respect to such reports; that said Limited Liability Company has not filed a certificate of cancellation; that there are no proceedings presently pending under the Massachusetts General Laws Chapter 156C, § 70 for said Limited Liability Company's dissolution; and that said Limited Liability Company is in good standing with this office.

I also certify that the names of all managers listed in the most recent filing are: **KEVIN WONG, ROBERT LEE PERVERE, TYMOFEY WOWK**

I further certify, the names of all persons authorized to execute documents filed with this office and listed in the most recent filing are: **KEVIN WONG, ROBERT LEE PERVERE, TYMOFEY WOWK**

The names of all persons authorized to act with respect to real property listed in the most recent filing are: **KEVIN WONG, ROBERT LEE PERVERE, TYMOFEY WOWK**

In testimony of which,

I have hereunto affixed the

Great Seal of the Commonwealth

on the date first above written.

*William Francis Galvin*

Secretary of the Commonwealth





## CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



CLEAN TECHNIQUE LLC  
810 FORDHAM ST  
ROCKVILLE MD 20850-1018

### ***Why did I receive this notice?***

The Commissioner of Revenue certifies that, as of the date of this certificate, CLEAN TECHNIQUE LLC is in compliance with its tax obligations under Chapter 62C of the Massachusetts General Laws.

This certificate doesn't certify that the taxpayer is compliant in taxes such as unemployment insurance administered by agencies other than the Department of Revenue, or taxes under any other provisions of law.

**This is not a waiver of lien issued under Chapter 62C, section 52 of the Massachusetts General Laws.**

### ***What if I have questions?***

If you have questions, call us at (617) 887-6400 or toll-free in Massachusetts at (800) 392-6089, Monday through Friday, 8:30 a.m. to 4:30 p.m..

### ***Visit us online!***

Visit [mass.gov/dor](http://mass.gov/dor) to learn more about Massachusetts tax laws and DOR policies and procedures, including your Taxpayer Bill of Rights, and MassTaxConnect for easy access to your account:

- Review or update your account
- Contact us using e-message
- Sign up for e-billing to save paper
- Make payments or set up autopay

Edward W. Coyle, Jr., Chief  
Collections Bureau

**Written Statement of Non-requirement for DUA Certificate of Good Standing/Compliance**

February 25, 2020

I am an authorized Manager of Clean Technique LLC, a prospective Marijuana Product Manufacturer, licensed under the auspices of the Massachusetts Adult Use of Marijuana Act, 935 CMR 500 *et seq.*

This Statement is intended to comply with the requirements of 935 CMR 500.101(1)(c)(4), regarding the submission of a Certificate of Good Standing/Compliance from the Department of Unemployment Assistance (DUA). To date, Clean Technique LLC does not have any employees on payroll. Thus, according to the DUA, Clean Technique is ineligible for registration and to receive a Certificate of Good Standing/Compliance from the DUA at this time.

By: Kevin Wong

Title: Manager

Signature: 

**“THE MEMBERSHIP INTERESTS REFERRED TO IN THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT ARE SUBJECT TO THE PROVISIONS OF SUCH AGREEMENT. NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS REFERRED TO IN THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH AGREEMENT.”**

**“THE MEMBERSHIP INTERESTS REFERRED TO IN THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER SUCH ACT AND LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER.”**

## **OPERATING AGREEMENT**

**OF**

## **CLEAN TECHNIQUE LLC**

(A Massachusetts Limited Liability Company)

This Operating Agreement of Clean Technique LLC (the “Company”), dated as of February 10th, 2020 (the “Effective Date”) has been adopted by the Members of the Company. This Agreement, as it may be amended from time to time, shall be binding on any person who at the time is a Member, regardless of whether or not the person has executed this Agreement or any amendment hereto.

## **RECITALS**

WHEREAS, the Company was formed under the laws of the State of Massachusetts by the filing of a Certificate of Organization with the Secretary of State of Massachusetts (the “Secretary of State”) on September 26<sup>th</sup>, 2017 (the “Certificate of Organization”); and

WHEREAS, the Members wish to enter into this Agreement setting forth the terms and conditions governing the operation and management of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## **ARTICLE I DEFINITIONS**

**1.01. Definitions.** In addition to the terms defined in other provisions of this Agreement, the following terms shall have the meanings set forth below unless the context requires otherwise:

“Act.” The Massachusetts Limited Liability Company Act, Title XXII, Chapter 156C, §§1, *et seq.*, as amended from time to time.

“Affiliate.” Means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control,” when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms “controlling” and “controlled” shall have correlative meanings.

“Agreement.” This Operating Agreement, as amended, modified, supplemented, or restated from time to time.

“Applicable Law.” All applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

“Board.” Has the meaning set forth in Section 7.01.

“Book Value” of an asset means, as of any particular date, the value at which the asset is properly reflected on the books and records of the Company as of such date in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations.

“Business.” Has the meaning set forth in Section 2.05.

“Business Day.” A day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required to close.

“Cannabis Regulations.” Massachusetts Cannabis Control Commission’s Adult Use Regulations, 935 CMR §§500.000, *et seq.*

“Capital Account.” The individual account maintained by the Company with respect to each Member as provided in Section 4.03.

“Capital Contribution.” The aggregate amount of cash and the agreed value of any property or services (as determined by the Company) contributed by each Member to the Company as provided in Section 4.01.

“Cause.” Means any of the following:

- (a) repeated failure to perform substantially the duties as a Manager, employee, consultant or other associate of the Company (other than any such failure resulting from his disability) which failure, whether committed willfully or negligently,



has continued unremedied for more than thirty (30) days after the Company has provided written notice thereof;

(b) breach of an employment agreement with the Company subject to any cure period provided therein;

(c) any act of fraud, material misrepresentation, misappropriation, dishonesty, embezzlement or similar conduct in any way involving the Company's business;

(d) gross negligence, willful misconduct, breach of trust or breach of fiduciary duty owed to the Company, its customers or clients, or Members;

(d) willful misconduct or gross negligence which is injurious to the Company;

(e) any conviction of, or the entering of a plea of guilty or nolo contendere to, a crime that constitutes a felony (or any state-law equivalent) or that involves moral turpitude, or any willful or material violation of any federal, state or foreign securities laws;

(f) any conviction of any other criminal act or act of material dishonesty, disloyalty or misconduct that has a material adverse effect on the property, operations, business or reputation of the Company;

(g) a positive test for substances illegal under Applicable Law;

(g) the material breach of any covenant undertaken in ARTICLE XI herein, any effective employment agreement or any written non-disclosure, non-competition, or non-solicitation covenant or agreement with the Company or any of the Company Subsidiaries.

"Change of Control." Means either: (a) the sale of all or substantially all of the consolidated assets of the Company to a third party; (b) a sale resulting in no less than a majority of the Membership Interests owned by the Founding Members on a fully diluted basis being held by a third party; or (c) a merger, consolidation, recapitalization or reorganization of the Company with or into a third party that results in the inability of the Founding Members to exercise control of the Company.

"Code." The Internal Revenue Code of 1986, as amended.

"Company." See the preamble.

"Fair Market Value." The purchase price that a willing buyer having all relevant knowledge would pay a willing seller for such asset in an arm's length transaction, as determined in good faith by the Board based on such factors as the Board, in the exercise of their reasonable business judgment, considers relevant.

“Fiscal Year.” The calendar year, unless the Company is required to have a taxable year other than the calendar year, in which case Fiscal Year shall be the period that conforms to its taxable year.

“Governmental Authority.” Any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

“Initial Cost.” With respect to any Membership Interest, the purchase price paid to the Company with respect to such Membership Interest by the Member to whom such Membership Interest was originally issued.

“Joinder Agreement.” The joinder agreement in form and substance attached hereto as Exhibit A.

“License.” A Marijuana Product Manufacturer license issued by the Massachusetts Cannabis Control Commission, or any other license, certificate, permit, authorization, consent, or approval required for the Company or any Affiliate lawfully to engage in the Business.

“Member.” (a) each Person identified on the Members Schedule as of the date hereof as a Member who has executed this Agreement or a counterpart thereof (each, a “Founding Member”); and (b) each Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the Act, in each case so long as such Person is shown on the Company’s books and records as the owner of Membership Interests. The Members shall constitute “members” (as that term is defined in the Act) of the Company.

“Membership Interest.” The interest in the Company owned by a Member, including such Member’s right (based on the type and class of Membership Interest held by such Member), as applicable, (a) to a Distributive share of Net Income, Net Losses and other items of income, gain, loss and deduction of the Company; (b) to a Distributive share of the assets of the Company; (c) to vote on, consent to or otherwise participate in any decision of the Members as provided in this Agreement; and (d) to any and all other benefits to which such Member may be entitled as provided in this Agreement and the Act.

“Net Income” and “Net Loss.” For each Fiscal Year or other period specified in this Agreement, an amount equal to the Company’s taxable income or taxable loss, or particular items thereof, determined in accordance with Code Section 703(a) (where, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or taxable loss), but with the following adjustments:

- (a) any income realized by the Company that is exempt from federal income taxation, as described in Code Section 705(a)(1)(B), shall be added to such taxable income or taxable loss, notwithstanding that such income is not includable in gross income;



(b) any expenditures of the Company described in Code Section 705(a)(2)(B), including any items treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(i) as items described in Code Section 705(a)(2)(B), shall be subtracted from such taxable income or taxable loss, notwithstanding that such expenditures are not deductible for federal income tax purposes;

(c) any gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property so disposed, notwithstanding that the adjusted tax basis of such property differs from its Book Value;

(d) any items of depreciation, amortization and other cost recovery deductions with respect to Company property having a Book Value that differs from its adjusted tax basis shall be computed by reference to the property's Book Value (as adjusted for Book Depreciation) in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g);

(e) if the Book Value of any Company property is adjusted as provided in the definition of Book Value, then the amount of such adjustment shall be treated as an item of gain or loss and included in the computation of such taxable income or taxable loss; and

(f) to the extent an adjustment to the adjusted tax basis of any Company property pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

“Non-Founding Member.” Means a Member who is not a Founding Member.

“Percentage Interest.” The number of Membership Interests held at a particular time by a Member, divided by the number of Membership Interests then held by all Members holding such Membership Interests, expressed as a percentage.

“Person.” A natural person, corporation, general or limited partnership, limited liability company, joint venture, trust, estate, association, or other legal entity or organization.

“Qualified Public Offering.” The sale, in a firm commitment underwritten public offering led by a nationally recognized underwriting firm pursuant to an effective registration statement under the Securities Act, of Membership Interests (or common stock of the Company or a new IPO entity), following which at least fifty percent (50%) of the total Membership Interests (or common stock of the Company or an IPO Entity) on a fully diluted basis shall have been sold to the public and shall be listed on any national securities exchange.

“Representative.” With respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Securities Act.” The Securities Act of 1933.

“Subsidiary.” With respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

“Supermajority.” With respect to any vote, a Supermajority shall mean the affirmative vote of the Managers or Members, as applicable, holding at least 60% of all the issued and outstanding Membership Interests.

“Transfer.” To directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Membership Interests owned by a Person or any interest (including a beneficial interest) in any Membership Interests owned by a Person. “Transfer” when used as a noun shall have a correlative meaning. “Transferor” and “Transferee” mean a Person who makes or receives a Transfer, respectively.

“Treasury Regulations” or “Treas. Regs.” The income tax regulations, including temporary regulations, promulgated under the Code, as those regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

## **ARTICLE II ORGANIZATION**

**2.01. Formation.** The Company was formed on September 26, 2017 pursuant to the provisions of the Act, upon the filing of the Certificate of Organization with the Secretary of State. This Agreement shall constitute the “operating agreement” (as that term is used in the Act) of the Company. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Act in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

**2.02. Name.** The name of the Company is “Clean Technique LLC” or such other name or names as may be designated by the Members; *provided*, that the name shall always contain the words “Limited Liability Company” or the abbreviation “L.L.C.” or the designation “LLC.”

**2.03. Principal Place of Business; Other Offices.** The principal place of business of the Company shall be 32 Char Drive in Westfield Massachusetts 01085, or at such other place as the Board may designate from time to time, which need not be in the State of Massachusetts. The Company may have such other offices as the Members may designate from time to time.

**2.04. Registered Office; Registered Agent.**

(a) The registered office of the Company shall be the office of the initial registered agent named in the Certificate of Organization or such other office (which need not be a place of business of the Company) as the Board may designate from time to time in the manner provided by the Act and Applicable Law.

(b) The registered agent for service of process on the Company in the State of Massachusetts shall be the initial registered agent named in the Certificate of Organization or such other Person or Persons as the Board may designate from time to time in the manner provided by the Act and Applicable Law.

**2.05. Purpose.** The purposes of the Company are to engage in the Massachusetts-legal business of cannabis manufacturing, including manufacturing-product development and related services pursuant to the Massachusetts Cannabis Control Commission's Adult Use Regulations, 935 CMR §§500.000 *et seq.* (the "Cannabis Regulations"), and to engage in any and all activities necessary or incidental thereto (the "Business"). The Company shall have all the powers necessary or convenient to carry out the purposes for which it is formed, including the powers granted by the Act.

**2.06. Limited Liability.** Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Managers and/or Members shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a member of the Company.

**2.07. Duration.** The term of the Company commenced on the date the Certificate of Organization was filed with the Secretary of State and shall continue in existence perpetually until the Company is dissolved in accordance with the provisions of this Agreement.

### **ARTICLE III MEMBERS**

#### **3.01 Founding and Subsequent Members.**

(a) The Company shall maintain a schedule of all Members, their respective mailing addresses and the Membership Interests held by them (the "Members Schedule") and shall update the Members Schedule upon the issuance or transfer of any Membership Interests to any new or existing Member. A copy of the Members Schedule as of the execution of this Agreement is attached hereto as Schedule A. The Founding Members of the Company are the Persons listed on Schedule A.

(b) New Members may be admitted from time to time (i) in connection with an issuance of Membership Interests by the Company, subject to compliance with the terms of this Agreement, and (ii) in connection with a Transfer of Membership Interests, subject to compliance with the provisions of ARTICLE VIII. In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or transfer of Membership Interests, such Person shall have executed and delivered to the Company

a written undertaking substantially in the form of the Joinder Agreement. Upon the amendment of the Members Schedule by the Company and the satisfaction of any other applicable conditions, including, if a condition, the receipt by the Company of payment for the issuance of the applicable Membership Interests, such Person shall be admitted as a Member and deemed listed as such on the books and records of the Company and thereupon shall be issued his, her or its Membership Interests. The Company shall also adjust the Capital Accounts of the Members as necessary in accordance with Section 4.03.

**3.02 No Personal Liability.** Except as otherwise provided in the Act, by applicable law or expressly in this Agreement, no Member will be obligated personally for any debt, obligation or liability of the Company or other Members, whether arising in contract, tort or otherwise, solely by reason of being a Member.

**3.03 No Withdrawal.** Except as provided in ARTICLE VIII, so long as a Member continues to hold any Membership Interests, such Member shall not have the ability to withdraw or resign as a Member prior to the dissolution and winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company shall be null and void. As soon as any Person who is a Member ceases to hold any Membership Interests, such Person shall no longer be a Member. A Member shall not cease to be a Member as a result of the bankruptcy of such Member or as a result of any other events specified in Section 18-304 of the Act.

**3.04** Death. The death of any Member shall not cause the dissolution of the Company.

**3.05 Expulsion of a Member.**

(a) A Founding Member may not be expelled as a Member of the Company. Any other Member may be expelled from the Company upon a unanimous vote of the Board (except for the vote of the Member to be expelled, if such Member is a member of the Board) and a Supermajority vote of the Members; *provided*, no expulsion shall be permitted if the purchase by the Company of the expelled Member's Membership Interests would render the Company insolvent and/or unable to pay its obligations as they become due.

(b) Upon the expulsion of a Member pursuant to Section 3.05, the Company shall purchase the expelled Member's Membership Interests at Book Value.

**3.06 Certification of Membership Interests.** The Board may, but shall not be required to, issue certificates representing the Membership Interests held by the Members.

## **ARTICLE IV CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS**

**4.01 Initial Capital Contributions.** The Founding Members, their initial Capital Contributions, and Membership Interests are set forth on the Members Schedule at Schedule A hereto. The Company shall maintain and update the Members Schedule upon the issuance or transfer of any Membership Interests to any new or existing Member in accordance with this Agreement.

#### **4.02 Additional Capital Contributions.**

(a) No Member shall be required to make any additional Capital Contributions to the Company. Any future Capital Contributions made by any Member shall only be made with the consent of the Board. To the extent that a Member makes an additional Capital Contribution to the Company, the Company shall revise the Members Schedule to reflect an increase in the Membership Interest of the contributing Member that fairly and equitably reflects the value of its additional Capital Contribution in relation to the aggregate amount of all Capital Contributions made by the Members.

(b) No Member shall be required to lend any funds to the Company and no Member shall have any personal liability for the payment or repayment of any Capital Contribution by or to any other Member.

(a) In the event additional capital is needed and the Board votes to approve a capital contribution from the Members, the Company shall make a loan to cover the amount of the contribution to any Member who cannot contribute the necessary funds, and such loan shall accrue interest at the rate of 15% per annum until repaid in full.

**4.03. Maintenance of Capital Accounts.** The Company shall establish and maintain for each Member a separate capital account (a "Capital Account") on its books and records in accordance with this Section 4.03. Each Capital Account shall be established and maintained in accordance with the following provisions:

(a) Each Member's Capital Account shall be increased by the amount of:

(i) such Member's Capital Contributions, including such Member's initial Capital Contribution and any additional Capital Contributions;

(ii) any Net Income or other item of income or gain allocated to such Member pursuant to ARTICLE V; and

(iii) any liabilities of the Company that are assumed by such Member or secured by any property distributed to such Member.

(b) Each Member's Capital Account shall be decreased by:

(i) the cash amount or Book Value of any property distributed to such Member pursuant to ARTICLE VI and Section 8.03;

(ii) the amount of any Net Loss or other item of loss or deduction allocated to such Member pursuant to ARTICLE V; and

(iii) the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

**4.04. Succession Upon Transfer.** In the event that any Membership Interests are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interests and, subject to Section 5.04, shall receive allocations and distributions pursuant to ARTICLE V and ARTICLE VI in respect of such Membership Interests.

**4.05. Negative Capital Accounts.** In the event that any Member shall have a deficit balance in his, her or its Capital Account, such Member shall have no obligation, during the term of the Company or upon dissolution or liquidation thereof, to restore such negative balance or make any Capital Contributions to the Company by reason thereof, except as may be required by Applicable Law or in respect of any negative balance resulting from a withdrawal of capital or dissolution in contravention of this Agreement.

**4.06. No Withdrawal.** No Member shall be entitled to withdraw any part of his, her or its Capital Account or to receive any Distribution from the Company, except as provided in this Agreement. No Member shall receive any interest, salary, management or service fees or drawing with respect to its Capital Contributions or its Capital Account, except as otherwise provided in this Agreement. The Capital Accounts are maintained for the sole purpose of allocating items of income, gain, loss and deduction among the Members and shall have no effect on the amount of any Distributions to any Members, in liquidation or otherwise.

**4.07. Treatment of Loans From Members.** Loans by any Member to the Company shall not be considered Capital Contributions and shall not affect the maintenance of such Member's Capital Account, other than to the extent provided in Section 4.03(a)(iii), if applicable.

**4.08. Modifications.** The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Treasury Regulations and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Board determines that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases to the Capital Accounts, are computed in order to comply with such Treasury Regulations, the Board may authorize such modifications.

## **ARTICLE V ALLOCATIONS**

**5.01 Allocation of Net Income and Net Loss.** For each Fiscal Year (or portion thereof), after giving effect to the special allocations set forth in Section 5.02, Net Income and Net Loss (and, to the extent necessary, individual items of income, gain, loss or deduction) of the Company shall be allocated among the Members in a manner such that the Capital Account balance of each Member, immediately after making such allocations, is, as nearly as possible, equal to (i) the distributions that would be made to such Member pursuant to Section 10.03(c) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Book Value, all Company liabilities were satisfied (limited with respect to each Nonrecourse Liability

to the Book Value of the assets securing such liability), and the net assets of the Company were distributed, in accordance with Section 10.03(c), to the Members immediately after making such allocations, minus (ii) such Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets.

**5.02. Regulatory and Special Allocations.** Notwithstanding the provisions of Section 5.01:

(a) If there is a net decrease in Company Minimum Gain (determined according to Treasury Regulations Section 1.704-2(d)(1)) during any Fiscal Year, each Member shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.02(a) is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Deductions shall be allocated in the manner required by Treasury Regulations Section 1.704-2(i). Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member that has a share of such Member Minimum Gain shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain. Items to be allocated pursuant to this paragraph shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 5.02(b) is intended to comply with the "minimum gain chargeback" requirements in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), Net Income shall be specially allocated to such Member in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit created by such adjustments, allocations or Distributions as quickly as possible. This Section 5.02(c) is intended to comply with the "qualified income offset" requirement in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) The allocations set forth in paragraphs (a), (b) and (c) above (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations under Code Section 704. Notwithstanding any other provisions of this Article V (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Net Income and Net Losses among Members so that, to the extent possible, the net amount of such allocations of Net Income and Net Losses and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

### **5.03. Tax Allocations.**

(a) Subject to Section 5.03(b) through Section 5.03(e), all income, gains, losses and deductions of the Company shall be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses and deductions among the Members for computing their Capital Accounts, except that if any such allocation for tax purposes is not permitted by the Code or other Applicable Law, the Company's subsequent income, gains, losses and deductions shall be allocated among the Members for tax purposes, to the extent permitted by the Code and other Applicable Law, so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) and the traditional method of Treasury Regulations Section 1.704-3(b), so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value.

(c) If the Book Value of any Company asset is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) as provided in clause (c) of the definition of Book Value, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c).

(d) Allocations of tax credit, tax credit recapture and any items related thereto shall be allocated to the Members according to their interests in such items as determined by the Board taking into account the principles of Treasury Regulations Section 1.704-1(b)(4)(ii).

(e) The Company shall make allocations pursuant to this Section 6.03 in accordance with the traditional method in accordance with Treasury Regulations Section 1.704-3(d).

**5.04 Allocations in Respect of Transferred Membership Interests.** In the event of a Transfer of Membership Interests during any Fiscal Year made in compliance with the provisions of ARTICLE VIII, Net Income, Net Losses and other items of income, gain, loss and deduction of the Company attributable to such Membership Interests for such Fiscal Year shall be determined using the interim closing of the books method.

**5.05 Curative Allocations.** In the event that the Partnership Representative determines, after consultation with counsel experienced in income tax matters, that the allocation of any item of Company income, gain, loss or deduction is not specified in this Article V (an "Unallocated Item"), or that the allocation of any item of Company income, gain, loss or deduction hereunder is clearly inconsistent with the Members' economic interests in the Company (determined by reference to the general principles of Treasury Regulations Section 1.704-1(b) and the factors set forth in Treasury Regulations Section 1.704-1(b)(3)(ii)) (a "Misallocated Item"), then the Company may allocate such Unallocated Items, or reallocate such Misallocated Items, to reflect such economic interests; *provided*, that no such allocation will be



made without the prior consent of each Member that would be adversely and disproportionately affected thereby; *and provided*, further, that no such allocation shall have any material effect on the amounts distributable to any Member, including the amounts to be distributed upon the complete liquidation of the Company.

## **ARTICLE VI DISTRIBUTIONS**

### **6.01 General.**

(a) Subject to Section 6.01(b), Section 6.02, and Section 6.03, the Board shall have sole discretion regarding the amounts and timing of distributions to Members, including to decide to forego payment of distributions in order to provide for the retention and establishment of reserves of, or payment to third parties of, such funds as it deems necessary with respect to the reasonable business needs of the Company (which needs may include the payment or the making of provision for the payment when due of the Company's obligations, including, but not limited to, present and anticipated debts and obligations, capital needs and expenses, the payment of any management or administrative fees and expenses, and reasonable reserves for contingencies).

(b) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any distribution to Members if such distribution would violate Applicable Law.

**6.02 Priority of Distributions.** After making all distributions required for a given Fiscal Year under Section 6.04 and subject to the priority of distributions pursuant to Section 10.03(c), if applicable, all distributions determined to be made by the Company pursuant to Section 7.01 shall be made to the Members *pro rata* in proportion to their Membership Interests in the Company.

### **6.03 Tax Distributions.**

(a) Subject to any restrictions in any of the Company's then applicable debt-financing arrangements, and subject to the Board's decision to retain any other amounts necessary to satisfy the Company's obligations, to the extent that the amount distributed to (or withheld on behalf of) any Members in respect of a Fiscal Year of the Company is less than such Members' Assumed Tax Liability, the Company shall distribute cash equal to such shortfall to such Members, at such times as to permit the Members to timely satisfy estimated tax or other tax payment requirements ("Assumed Tax Liability Distribution"). Each Members' "Assumed Tax Liability" shall equal the expected aggregate federal, state, and local tax liability of such Members attributable to items of income, gain, loss, and deduction allocated to such Members for income tax purposes (excluding allocations under Section 704(c) principles), assuming the highest marginal income tax rates applicable to such Members, taking into account the character of the relevant income or loss to such Members and the deductibility, if any, of any state or local tax in computing any state or federal tax liability.

(b) If, at any time after the Assumed Tax Liability Distribution has been distributed pursuant to Section 6.03(a) with respect to any Fiscal Year, the Assumed Tax Liability Distribution to any Member with respect to such Fiscal Year is less than such Member's actual tax liability for such Fiscal Year (a "Shortfall Amount"), the Company shall use commercially reasonable efforts to distribute cash in proportion to and to the extent of each Member's Shortfall Amount. The Company shall use commercially reasonable efforts to distribute Shortfall Amounts with respect to a Fiscal Year before the 75<sup>th</sup> day of the next succeeding Fiscal Year; provided, that if the Company has made distributions other than pursuant to this Section 6.03, the Company may apply such distributions to reduce any Shortfall Amount.

(c) If the Assumed Tax Liability Distribution made to any Member pursuant to this Section 6.03 for any Fiscal Year exceed such Member's actual tax liability for such Fiscal Year (an "Excess Amount"), such Excess Amount shall act as an advance pursuant to Section 6.03(d).

(d) Any distributions made pursuant to this Section 6.03 shall be treated for purposes of this Agreement as advances on distributions pursuant to Section 6.02 and shall reduce, dollar-for-dollar, the amount otherwise distributable to such Member pursuant to Section 6.02.

## **ARTICLE VII MANAGEMENT**

**7.01 Establishment of the Board.** A board of managers of the Company (the "Board") is hereby established and shall be comprised of natural Persons (each such Person, a "Manager") who shall be appointed in accordance with the provisions of Section 7.02. The business and affairs of the Company shall be managed, operated, and controlled by or under the direction of the Board, and the Board shall have, and is hereby granted, the full, complete and exclusive power, authority and discretion for, on behalf of and in the name of the Company, to take such actions as it may in its sole discretion deem necessary or advisable to carry out any and all of the objectives and purposes of the Company, subject only to the terms of this Agreement. Except as expressly provided herein or by Applicable Law, no Member, in its capacity as a Member, shall have any power or authority over the business and affairs of the Company or any power or authority to bind the Company.

### **7.02 Board Composition.**

(a) The Company and the Members shall take such actions as may be required to ensure that the number of Managers constituting the Board is initially five (5). The Board shall at all times be comprised of the Founding Members, unless and until a Founding Member ceases to be a Member of the Company or resigns or is removed from the Board pursuant to the terms of this Agreement, and one (1) Manager who is not a Member.

(b) The number of Managers constituting the Board may be increased upon a resolution passed by unanimous vote of the Board.

### **7.03 Removal; Resignation.**

(a) A Manager may resign at any time from the Board by delivering his or her written resignation to the Board. Any such resignation shall be effective upon receipt thereof unless it is specified to be effective at some other time or upon the occurrence of some other event. The Board's acceptance of a resignation shall not be necessary to make it effective.

(b) A Manager may be removed from the Board for Cause by a unanimous vote of the remaining Managers.

(c) Any vacancy on the Board resulting from the resignation, removal, death or disability of a Manager shall be filled by appointment by a Supermajority of the current Board, with such appointment to become effective immediately upon a resolution of the Board appointing the new Manager.

(d) The Board shall maintain a schedule of all Managers with their respective mailing addresses (the "Managers Schedule"), and shall update the Managers Schedule upon the removal or replacement of any Manager.

(e) Each party hereto shall take all necessary action to carry out fully the provisions of Section 7.03 to ensure that the Board consists of the Managers that are duly appointed in accordance with such sections.

#### **7.04 Meetings.**

(a) Regular meetings of the Board shall be held on at least a quarterly basis at such dates and times as the Board may designate. Special meetings of the Board may be called at any time by the Chairperson and/or may be called by the Chairperson at the written request of any or any two (2) Managers who make such request. Meetings of the Board may be held either in person or by telephone or video conference or other communication device that permits all Managers participating in the meeting to hear each other.

(b) Written notice of a meeting of the Board stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given to each Manager by telephone, electronic mail or facsimile no less than three (3) days before the date of the meeting. Notice of any meeting may be waived in writing by any Manager. Presence at a meeting shall constitute waiver of any deficiency of notice under this Section 7.04(b), except when a Manager attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not called or convened in accordance with this Agreement and does not otherwise attend the meeting.

(c) The Secretary of the Company (or the Chairperson, if there is no Secretary) shall circulate to each Manager an agenda for each regular meeting not less than three (3) Business Days in advance of such meeting. In the case of a special meeting, the agenda for such meeting shall be established by the Chairperson and shall, if applicable, include any matters specified by the Managers requesting such meeting, and shall be provided to each Manager at the time such special meeting is called.

(d) The decisions and resolutions of the Board shall be recorded in minutes, which shall state the date, time and place of the meeting (or the date of any written consent in lieu of a meeting), the Managers present at the meeting, the resolutions put to a vote (or the subject of a written consent) and the results of such voting or written consent. The minutes shall be entered in a minute book kept at the principal office of the Company and a copy of the minutes of each Board meeting shall be provided to each Manager.

#### **7.05 Manner of Acting.**

(a) Any Manager may participate in a meeting of the Board by telephone or video conference or other communications device that permits all Managers participating in the meeting to hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. A Manager may vote or be present at a meeting either in person or by proxy in accordance with Section 7.05(c).

(b) Each Manager shall have one vote on all matters submitted to the Board.

(c) Each Manager may authorize another individual (who may or may not be a Manager) to act for such Manager by proxy at any meeting of the Board, or to express consent or dissent to a Company action in writing without a meeting. Any such proxy may be granted in writing, by electronic mail, or as otherwise permitted by Applicable Law.

(d) Except as otherwise set forth in this Agreement (including Section 7.05(e) & (f)), the affirmative vote of a majority of the Managers in attendance at any meeting of the Board shall be required to authorize any action by the Board and shall constitute the action of the Board for all purposes.

(e) Notwithstanding anything herein to the contrary, the Board shall not take any action on any of the following matters without the affirmative vote or written consent of a Supermajority of the Managers:

(i) Participation in arrangements with creditors, the institution and settlement or compromise of suits and administrative proceedings and other like or similar matters in an amount equal to or greater than \$1,000,000;

(ii) Sell all or any material portion of the assets of the Company;

(iii) Merge with, or consolidate into, a third party;

(iv) Hiring any employees, contractors, or other service providers;

(v) Filling vacancies on the Board;

(vi) Appointment, removal, and replacement of Officers;

(vii) Change the Distribution percentages of a Member in a manner as would adversely affect such Member, but only with the consent or affirmative vote of the Member whose Distribution percentage is adversely affected;

(viii) Causing the Company to enter into any transaction (including, without limitation, any transaction involving the purchase, sale, lease or exchange of any property, the payment or provision of any compensation or other consideration for the rendering of any service) with any Member or any Affiliate of any Member, or any such Affiliate's officers, directors, shareholders or employees, or any Affiliates thereof;

(ix) Extend a loan to any Member to any Affiliate of a Member;

(x) Issue new Membership Interests or classes of Membership Interests;

(xi) Change the formula for projected working capital needs;

(xii) Authorize any employee or other agent of the Company to act for and on behalf of the Company in all matters incidental to the foregoing.

(f) Notwithstanding anything herein to the contrary, the Company shall not, and shall not enter into any commitment to (and the Board shall not authorize the Company to), do any of the following without the unanimous affirmative vote or written consent of the Board:

(i) Committing to or effecting a liquidation or dissolution of the Company;

(ii) Any material change in the Company's Business directly or indirectly entering or engaging in any line of business or activities other than the Company's primary Business as in effect at the time;

(iii) The require the redemption or other purchase by the Company of any Membership Interests of a Founding Member, except where such redemption or other purchase is required pursuant to this Agreement;

(iv) The grant of any general power of attorney or other unlimited authority to any third party to operate the Company or otherwise act on behalf or in the name of the Company.

(v) Increase or decrease the size of the Board;

(vi) The making of an assignment for the benefit of creditors, consenting to the appointment of a trustee, receiver, conservator or similar official for the Company or any material portion of its assets, or the filing of any petition seeking reorganization, liquidation or winding-up or otherwise seeking relief under federal bankruptcy laws or any state insolvency law;

(vii) Change the distribution percentages or priorities of a Member in a manner that would adversely affect such Member, and not without such Member's written consent;

(viii) The investment by the Company in any other Person, whether by means of debt or equity financing or otherwise, other than financing and other transactions in the ordinary course of the Company's business;

(ix) The organization, creation or establishment of any subsidiary or conducting the Company's business through any other entity other than the Company;

(x) Require a capital contribution from the Members;

(xi) Transfer of Membership Interests;

(xii) Amend this Operating Agreement.

**7.06 Action By Written Consent.** Notwithstanding anything herein to the contrary, any action of the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by the number of Managers necessary to effect Board approval of such action as required by this Agreement. Such consent shall have the same force and effect as a vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State.

**7.07 Compensation; No Employment.**

(a) Each Manager shall serve without compensation in his capacity as such. Each Manager shall be entitled to reimbursement from the Company for his or her reasonable and necessary out-of-pocket expenses incurred in the performance of his duties as a Manager, pursuant to such policies as may from time to time be established by the Board.

(b) This Agreement does not, and is not intended to, confer upon any Manager any rights with respect to employment by the Company, and nothing herein should be construed to have created any employment agreement or relationship with any Manager.

**7.08 Chairperson of the Board.** The Board may appoint any one of the Managers to act as Chairperson of the Board ("Chairperson") and preside at all meetings of the Board at which he or she is present, subject to the ultimate authority of the Board to appoint an alternate presiding chairperson at any meeting. Kevin Wong shall act as the initial Chairperson. For the avoidance of doubt, a Manager shall not be considered to be an Officer of the Company by virtue of holding the position of Chairperson and, except as expressly provided herein, shall not have any rights or powers different from any other Manager other than with respect to any procedural matters to the extent delegated by the Board or as expressly set forth in this Agreement.

**7.09 Appointment of Officers.** The Board may appoint individuals as officers of the Company (the "Officers") as it deems necessary or desirable to carry on the business of the Company and the Board may delegate to such Officers such power and authority as the Board deems advisable. No Officer need be a Member. Any individual may hold two or more offices of the Company. Each Officer shall hold office until his or her successor is designated by the Board or until his or her earlier death, resignation or removal. Any Officer may resign at any time upon written notice to the Board. Any Officer may be removed by the Board with or without cause at any time. A vacancy in any office occurring because of death, resignation, removal or otherwise, may, but need not, be filled by the Board.

**7.10 No Personal Liability.** Except as otherwise provided in the Act or by Applicable Law, no Manager will be obligated personally for any debt, obligation or liability of any Company, whether arising in contract, tort or otherwise, solely by reason of being a Manager.

**7.13 Other Activities; Business Opportunities.**

(a) Except as set forth in Section 12.02, nothing contained in this Agreement shall prevent any Member from engaging in any other activities or businesses; *provided* that such Member discloses those other activities or businesses to the Board. None of the Members shall be obligated to account to the Company or to the other Members for any profits or income earned or derived from other such activities or businesses.

(b) Notwithstanding Section 7.13(a), if a Member is offered or discovers a business opportunity of the type and character that is within the scope of or consistent with the business (a “Business Opportunity”), such Member shall, prior to pursuing such Business Opportunity, offer to the Company the right to pursue such Business Opportunity for the benefit of the Company, regardless of whether such Member believes the Company would be able (financially or otherwise) or willing to pursue such Business Opportunity. If the Board (not including for purposes of such vote any Managers presenting the Business Opportunity to the Company), determines not to pursue such Business Opportunity within ten (10) days after its presentation to the Company, and subject to the restrictions set forth in Section 12.02, the presenting Member shall be free to pursue such Business Opportunity as such Member shall determine in its sole discretion.

**7.14 Drug Testing.** The Company shall have the right to drug test Members, Officers, employees and other service providers for use of illegal drugs. Upon a positive test, the Company may, but is not required to, take any action against such Member, Officer, employee or service provider who tested positive consistent with the terms of this Agreement and Applicable Law.

**7.15 Limitation of Liability.** To the fullest extent permitted under the Act or other Applicable Law, no Member of the Company shall be personally liable, as such, for monetary damages (other than under criminal statutes and under federal, state, and local laws imposing liability on managers for the payment of taxes, subject to indemnification) for any action taken, or any failure to take any action, unless the Member’s conduct constitutes self-dealing or willful misconduct. No amendment or repeal of this section shall apply to or have any effect on the liability or alleged liability of any person who is or was a Member of the Company for or with respect to any acts or omissions of the Member occurring prior to the effective date of such amendment or repeal. If the Act is amended to permit a limited liability company to provide greater protection from personal liability for its Members than the express terms of this section, this section shall be construed to provide for such greater protection.

**ARTICLE VIII  
TRANSFER**

**8.01 Restriction on Transfers by Members.**

(a) Each Member acknowledges and agrees that, until the consummation of a Qualified Public Offering, such Member (or any Permitted Transferee of such Member) shall not, without the consent of a Supermajority of the Board, Transfer any Membership Interests except as permitted pursuant to Section 8.02 or in accordance with the procedures set forth in Section 8.03 through Section 8.05, as applicable.

(b) Notwithstanding the foregoing or anything in this Agreement to the contrary, Transfers of Membership Interests shall not be permitted prior to the consummation of a Qualified Public Offering except:

- (i) pursuant to Section 8.02;
- (ii) when required of a Drag-along Member pursuant to Section 8.04;
- (iii) as set forth in Section 8.06; or

(c) Notwithstanding any other provision of this Agreement (including Section 8.02), each Member agrees that he, she, or it will not Transfer all or any portion of his, her, or its Membership Interest in the Company, and the Company agrees that it shall not issue any Membership Interests:

(i) except as permitted under the Securities Act and other applicable federal or state securities or blue sky laws, and then, with respect to a Transfer of Membership Interests, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act;

(ii) if such Transfer or issuance would cause the Company to be considered a “publicly traded partnership” under Section 7704(b) of the Code within the meaning of Treasury Regulations Section 1.7704-1(h)(1)(ii), including the look-through rule in Treasury Regulations Section 1.7704-1(h)(3);

(iii) if such Transfer or issuance would affect the Company’s existence or qualification as a limited liability company under the Act;

(iv) if such Transfer or issuance would cause the Company to lose its status as a partnership for federal income tax purposes;

(v) if such Transfer or issuance would cause the Company to be required to register as an investment company under the Investment Company Act of 1940, as amended; or

(vi) if such Transfer or issuance would cause the assets of the Company to be deemed “Plan Assets” as defined under the Employee Retirement Income Security Act of 1974 or its accompanying regulations or result in any “prohibited transaction” thereunder involving the Company.



(d) Any Transfer or attempted Transfer of any Membership Interest in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue be treated) as the owner of such Membership Interest for all purposes of this Agreement.

(e) For the avoidance of doubt, any Transfer of a Membership Interest permitted by this Agreement shall be deemed a sale, transfer, assignment or other disposal of such Membership Interest in its entirety as intended by the parties to such Transfer, and shall not be deemed a sale, transfer, assignment or other disposal of any less than all of the rights and benefits described in the definition of the term "Membership Interest," unless otherwise explicitly agreed to by the parties to such Transfer.

**8.02 Permitted Transfers.** The provisions of Section 8.01(a), Section 8.03, Section 8.04 (with respect to Dragging Member only), and Section 8.07 shall not apply to any Transfer by any Member of all or any portion of his, her, or its Membership Interest to any of the following:

(a) Any Affiliate of such Member; or

(b) With respect to any Member, to (i) such Member's spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons (collectively, "Family Members"); (ii) a trust under which the distribution of Membership Interests may be made only to such Member; or (iii) a corporation, partnership or limited liability company, the stockholders, partners or members of which are only such Member and/or Family Members of such Member.

**8.03. Right of First Refusal.**

(a) If a Member (the "Offering Member") desires to Transfer any or all of his, her or its Membership Interests (the "Offered Interests"), such Offering Member shall give prompt, written, unconditional and irrevocable notice to the Company providing that the Company, *first*, and the Members, *second*, shall have the right to purchase all (but not less than all) of the Offered Interests pursuant to terms and conditions of Section 8.01, Section 8.02 and this Section 8.03. The Offering Member shall notify the Company in writing of his, her or its desire to sell or assign the Offered Interests and the price and terms thereof. Thereafter, the Company shall have fifteen (15) Business Days from the date of receipt of such notice (the "ROFR Option Period") to notify the Offering Member of the Company's desire to purchase the Offered Interests at the price and on the terms and conditions set forth in the Offering Member's offer (the "Right of First Refusal"). If the Company fails to exercise its Right of First Refusal or notifies the Offering Member of its decision not to exercise its Right of First Refusal, then all the Members, or any of them, shall have fifteen (15) Business Days from the later of (i) the expiration of ROFR Option Period, or (ii) receipt of the Company's decision not to exercise its Right of First Refusal, to notify the Offering Member of their desire to purchase the Offered Interests at the price and on the terms and conditions set forth in the Offering Member's offer. If more than one Member accepts such offer, the Offered Interests shall be apportioned among the Members so accepting in proportion to their respective Percentage Interests in the Company or in such other proportion

upon which they mutually agree. Settlement of any sale to the Company or the Members under this Section 8.03(a) shall be made by the Offering Member and the Company or purchasing Members within (i) thirty (30) days after notice of desire to purchase or (ii) the time, if any, provided in the Offering Member's offer, whichever is later.

(b) In the event neither the Company nor any of the Members notify the Offering Member in writing that they intend to exercise their right to purchase the Offered Interests, the Offering Member shall be free to seek a "bona fide offer" (as hereinafter defined) to purchase such Offered Interests from third parties. Upon receipt of a bona fide offer to purchase the Offered Interests, the Offering Member shall offer in writing to sell and assign such Offered Interests to the Company and the Members upon the terms and conditions set forth in the bona fide offer, with a complete copy of the bona fide offer attached.

(c) The Company, *first*, and Members, *second*, shall notify the Offering Member of their intent to exercise their Right of First Refusal to purchase the Offered Interests upon the terms and conditions of the bona fide offer in accordance with the procedures set forth in Section 8.03(a). If more than one Member accepts such offer, the Offered Interests shall be apportioned among the Members so accepting according to Section 8.03(a) hereof.

(d) For purposes of this Section 8.03, the term "bona fide offer" shall mean and constitute an offer in writing from an outside purchaser (*i.e.*, a Person who is not directly or indirectly related to or an Affiliate of the Offering Member and who is financially capable of carrying out the terms of the offer) which (i) sets forth all relevant terms and conditions of the purchase, (ii) is in a form legally enforceable against the outside purchaser, and (iii) the consideration to be paid for the Offering Interests must be cash only, payable at settlement or on a deferred basis. Settlement of any sale to the Company or Members as the case may be shall be made by the Offering Member in accordance with those terms provided in Section 8.03(a).

(e) In the event neither the Company nor any Member exercises the right to purchase the Offered Interests under Section 8.03(c), the Offering Member may sell and assign such Membership Interests to the prospective purchaser subject to Section 8.01(a) and only in accordance with the terms of the bona fide offer. The prospective purchaser shall only receive an Economic Interest in the Company and shall not be admitted as a Substituted Member unless all of the requirements of Section 8.07 hereof have been satisfied.

(f) Each Member shall take all actions as may be reasonably necessary to consummate the sale contemplated by this Section 8.03 including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(g) At the closing of any sale and purchase pursuant to this Section 8.03, the Offering Member shall deliver to the Transferee(s) a certificate or certificates representing the Offered Interests to be sold (if any), accompanied by evidence of Transfer and all necessary transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefore from such Transferee(s) by certified or official bank check or by wire transfer of immediately available funds.

#### **8.04 Drag-along Rights.**

(a) **Participation.** If one or more Members (together with their respective Permitted Transferees) holding no less than fifty-one percent (51%) of the then outstanding Membership Interests (such Member or Members, the “Dragging Members”), proposes to Transfer, in one transaction or a series of related transactions, all of the Membership Interests owned by the Dragging Members (a “Drag-along Sale”), the Dragging Members shall have the right, after delivering the Drag-along Notice in accordance with Section 8.04(c) and subject to compliance with Section 8.04(d), to require that each other Member (each, a “Drag-along Member”) participate in such sale in the manner set forth in Section 8.04(b).

(b) **Sale of Membership Interests.** Subject to compliance with Section 8.04(d), each Drag-along Member shall sell in the Drag-along Sale all of the Membership Interests held by such Drag-along Member.

(c) **Sale Notice.** The Dragging Members shall exercise its rights pursuant to this Section 8.04 by delivering a written notice (the “Drag-along Notice”) to the Company and each Drag-along Member no more than ten (10) Business Days after the execution and delivery by all of the parties thereto of the definitive agreement entered into with respect to the Drag-along Sale and, in any event, no later than twenty (20) Business Days prior to the closing date of such Drag-along Sale. The Drag-along Notice shall make reference to the Dragging Members’ rights and obligations hereunder and shall describe in reasonable detail:

(i) The name of the person or entity to whom such Membership Interests are proposed to be sold;

(ii) The proposed date, time and location of the closing of the sale;

(iii) The proposed amount of consideration for the Drag-along Sale and the other material terms and conditions of the Drag-along Sale, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(iv) A copy of any form of agreement proposed to be executed in connection therewith.

(d) **Conditions of Sale.** The obligations of the Drag-along Members in respect of a Drag-along Sale under this Section 8.04 are subject to the satisfaction of the following conditions:

(i) The consideration to be received by each Drag-along Member shall be the same form and amount of consideration to be received by the Dragging Members per percentage interest and the terms and conditions of such sale shall, except as otherwise provided in Section 8.04(d)(iii), be the same as those upon which the Dragging Members sells their Membership Interests;

(ii) If the Dragging Members or any Drag-along Member are given an option as to the form and amount of consideration to be received, the same option shall be given to all Drag-along Members; and

(iii) Each Drag-along Member shall execute the applicable purchase agreement, if applicable, and make or provide the same representations, warranties, covenants, indemnities and agreements as the Dragging Members make or provide in connection with the Drag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Dragging Members, the Drag-along Member shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); *provided*, that all representations, warranties, covenants and indemnities shall be made by the Dragging Members and each Drag-along Member severally and not jointly and any indemnification obligation shall be *pro rata* based on the consideration received by the Dragging Members and each Drag-along Member (other than any indemnification obligation pertaining specifically to the Dragging Members or a Drag-along Member, which obligation shall be the sole obligation of such Dragging Members or Drag-along Member), in each case in an amount not to exceed the aggregate proceeds received by the Dragging Members and each such Drag-along Member in connection with the Drag-along Sale.

(e) **Cooperation.** Each Drag-along Member shall take all actions as may be reasonably necessary to consummate the Drag-along Sale, including, without limitation, entering into agreements and delivering certificates and instruments, in each case, consistent with the agreements being entered into and the certificates being delivered by the Dragging Members, but subject to Section 8.04(d)(iii).

(f) **Expenses.** The fees and expenses of the Dragging Members incurred in connection with a Drag-along Sale and for the benefit of all Drag-along Members (it being understood that costs incurred by or on behalf of a Dragging Members for their sole benefit will not be considered to be for the benefit of all Drag-along Members), to the extent not paid or reimbursed by the Company or third party participating in the Drag-along Sale, shall be shared by the Dragging Members and all the Drag-along Members on a *pro rata* basis, based on the consideration received by each such Member; *provided*, that no Drag-along Member shall be obligated to make any out-of-pocket expenditure prior to the consummation of the Drag-along Sale.

(g) **Consummation of Sale.** The Dragging Members shall have 120 days following the date of the Drag-along Notice in which to consummate the Drag-along Sale, on the terms set forth in the Drag-along Notice (which 120-day period may be extended for a reasonable time not to exceed 60 days to the extent reasonably necessary to obtain required approvals or consents from any Governmental Authority). If at the end of such period the Dragging Members have not completed the Drag-along Sale, the Dragging Members may not then exercise the rights under this Section 8.04 without again fully complying with the provisions of this Section 8.04.

#### **Section 8.05 Tag-along Rights.**

(a) **Participation.** Subject to the terms and conditions specified in Section 8.01, Section 8.02, and Section 8.03, if a Member or group of Members (together with their Permitted Transferees) holding no less than fifty-one percent (51%) of the then outstanding Membership Interests (the "Selling Member") proposes to Transfer at least 100% of the Membership Interests

owned by the Selling Member to a third party (a “Proposed Transferee”), each other Member (each, a “Tag-along Member”) shall be permitted to participate in such sale (a “Tag-along Sale”) on the terms and conditions set forth in this Section 8.05.

(b) **Application of Transfer Restrictions.** The provisions of this Section 8.05 shall only apply to Transfers in which:

(i) No Member having a right-of-first refusal has exercised his, her, or its right under Section 8.03 to purchase the Offered Interests; and

(ii) The Dragging Members have elected to not exercise their drag-along right under Section 8.04.

(c) **Sale Notice.** Prior to the consummation of any Transfer of Membership Interests qualifying under Section 8.05(b), and after satisfying the obligations under Section 8.03, the Selling Member shall deliver to the Company and each other Member a written notice (a “Sale Notice”) of the proposed Tag-along Sale as soon as practicable following the expiration of the ROFR Option Period, and in no event later than five (5) Business Days thereafter. The Sale Notice shall make reference to the Tag-along Members’ rights hereunder and shall describe in reasonable detail:

(i) The aggregate percentage of Membership Interests the Proposed Transferee has offered to purchase;

(ii) The identity of the Proposed Transferee;

(iii) The proposed date, time and location of the closing of the Tag-along Sale;

(iv) The purchase price and other material terms and conditions of the Transfer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(v) A copy of any form of agreement proposed to be executed in connection therewith.

(d) **Exercise of Tag-along Right.**

(i) The Selling Member and each Tag-along Member timely electing to participate in the Tag-along Sale pursuant to Section 8.05(d)(ii) shall have the right to Transfer in the Tag-along Sale the amount of Membership Interests, equal to the product of (x) the total percentage of Membership Interests that the Proposed Transferee proposes to buy as stated in the Sale Notice and (y) a fraction (A) the numerator of which is equal to the percentage of Membership Interests then held by the applicable Member, and (B) the denominator of which is equal to the total percentage of Membership Interests then held by the Selling Member and all of the Tag-along Members timely electing to participate in the Tag-along Sale pursuant to Section 8.05(d)(ii) (such amount, the “Tag-along Portion”).

(ii) Each Tag-along Member shall exercise his, her, or its right to participate in a Tag-along Sale by delivering to the Selling Member a written notice (a “Tag-along Notice”) stating its election to do so and specifying the amount of Membership Interests (up to its Tag-along Portion) to be Transferred by it no later than ten (10) Business Days after receipt of the Sale Notice (the “Tag-along Period”).

(iii) The offer of each Tag-along Member set forth in a Tag-along Notice shall be irrevocable, and, to the extent such offer is accepted, such Tag-along Member shall be bound and obligated to consummate the Transfer on the terms and conditions set forth in this Section 8.05.

(e) **Waiver.** Each Tag-along Member who does not deliver a Tag-along Notice in compliance with Section 8.05(d)(ii) shall be deemed to have waived all of such Tag-along Member’s rights to participate in the Tag-along Sale, and the Selling Member shall (subject to the rights of any other participating Tag-along Member) thereafter be free to sell to the Proposed Transferee the Membership Interests identified in the Sale Notice at a price that is no greater than the price set forth in the Sale Notice and on other terms and conditions which are materially more favorable to the Selling Member than those set forth in the Sale Notice, without any further obligation to the non-accepting Tag-along Members.

(f) **Conditions of Sale.**

(i) Each Member participating in the Tag-along Sale shall receive the same consideration after deduction of such Member’s proportionate share of the related expenses in accordance with Section 8.05(h) below.

(ii) Each Tag-along Member shall make or provide the same representations, warranties, covenants, indemnities and agreements as the Selling Member makes or provides in connection with the Tag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Selling Member, the Tag-along Member shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); *provided*, that all representations, warranties, covenants and indemnities shall be made by the Selling Member and each Tag-along Member severally and not jointly and any indemnification obligation shall be *pro rata* based on the consideration received by the Selling Member and each Tag-along Member (other than any indemnification obligation pertaining specifically to the Selling Member or a Tag-along Member, which obligation shall be the sole obligation of such Selling or Tag-along Member), in each case in an amount not to exceed the aggregate proceeds received by the Selling Member and each such Tag-along Member in connection with the Tag-along Sale.

(g) **Cooperation.** Each Tag-along Member shall take all actions as may be reasonably necessary to consummate the Tag-along Sale, including, without limitation, entering into agreements and delivering certificates and instruments, in each case, consistent with the agreements being entered into and the certificates being delivered by the Selling Member, but subject to Section 8.05(f)(ii).

(h) **Expenses.** The fees and expenses of the Selling Member incurred in connection with a Tag-along Sale and for the benefit of all Tag-along Members (it being understood that costs incurred by or on behalf of a Selling Member for its sole benefit will not be considered to be for the benefit of all Tag-along Members), to the extent not paid or reimbursed by the Company or the Proposed Transferee, shall be shared by the Selling Member and all the participating Tag-along Members on a *pro rata* basis, based on the consideration received by each such Member; *provided*, that no Tag-along Member shall be obligated to make any out-of-pocket expenditure prior to the consummation of the Tag-along Sale.

(i) **Consummation of Sale.** The Selling Member shall have 120 days following the expiration of the Tag-along Period in which to consummate the Tag-along Sale, on terms not more favorable to the Selling Member than those set forth in the Tag-along Notice (which such 120-day period may be extended for a reasonable time not to exceed 60 days to the extent reasonably necessary to obtain required approvals or consents from any Governmental Authority). If at the end of such period the Selling Member has not completed the Tag-along Sale, the Selling Member may not then effect a Transfer that is subject to this Section 8.05 without again fully complying with the provisions of this Section 8.05.

(j) **Transfers in Violation of the Tag-along Right.** If the Selling Member sells or otherwise Transfers to the Proposed Transferee any of its Membership Interests in breach of this Section 8.05, then each Tag-along Member shall have the right to sell to the Selling Member, and the Selling Member undertakes to purchase from each Tag-along Member, the amount of Membership Interests that such Tag-along Member would have had the right to sell to the Proposed Transferee pursuant to this Section 8.05, for a price and upon the terms and conditions on which the Proposed Transferee bought such Membership Interests from the Selling Member, but without indemnity being granted by any Tag-along Member to the Selling Member; *provided*, that nothing contained in this Section 8.05(j) shall preclude any Member from seeking alternative remedies against such Selling Member as a result of its breach of this Section 8.05. The Selling Member shall also reimburse each Tag-along Member for any and all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Tag-along Member's rights under this Section 8.05(j).

## **8.06 Company Buy-Back Option.**

(a) **Buy-Back Right.** Upon the occurrence of any of the following events, the Company may purchase from a Non-Founding Member all (and not less than all) of such Non-Founding Member's Membership Interests (the "Buy-Back Right"):

(i) a sale upon execution or in foreclosure of any pledge, hypothecation, lien or charge against a Non-Founding Member's Membership Interests;

(ii) the filing of a voluntary or involuntary petition under any federal or state bankruptcy, insolvency or related law by a Non-Founding Member;

(iii) the appointment of a receiver with respect to a Non-Founding Member's assets;

- (iv) an assignment for the benefit of a Non-Founding Member's creditors;
- (v) the attachment, assignment or other collection action against a Non-Founding Member and that that Non-Founding Member's Membership Interests;
- (vi) the appointment of a guardian or conservator for a Non-Founding Member;
- (vii) a Non-Founding Member's material breach of this Agreement, which breach is not cured by the Non-Founding Member within thirty (30) days of written notice thereof, unless such breach cannot be cured, then immediately upon written notice of the breach;
- (viii) for Cause;
- (ix) a Non-Founding Member's continued failure or refusal to perform his, her, or its duties and responsibilities as a Member of the Company;
- (x) a Non-Founding Member's breach of his, her, or its fiduciary duties to the Company or the other Members;
- (xi) a Non-Founding Member knowingly engages in unlawful conduct involving fraud, embezzlement, or theft against the Company or another Member;
- (xii) a Non-Founding Member engages in unauthorized or other bad faith conduct which has an adverse impact on the Company and/or its Business;
- (xiii) a Non-Founding Member causes, or in the reasonable opinion of the Board threatens to cause, a Loss of License to the Company.

(b) **Loss of License.** For purposes of this Section 8.06, the term "Loss of License" means any denial, delay in securing, revocation, suspension, or non-renewal of a License, or threat of any of the foregoing, whether resulting from any judicial or administrative proceeding, department or law enforcement investigation or action, or otherwise, and which arises out of or is associated with, either directly or indirectly, any act or omission of any Non-Founding Member (including any partners, members, managers, shareholders, employees, agents, officers or directors of such Member), including, but not limited to, the knowing commission of any crime or other act deemed inconsistent with the holding of a License, the violation of any provision of law or regulations relating to the operation of the Business, an investigation conducted by any law enforcement agency in to the commission of any crime, alleged illegal activity, or other act that is inconsistent with the holding of a License or which threatens the issuance, keeping, or renewal of a License, whether or not the allegations or basis for such allegations or investigation with respect thereto are true in fact, or the failure of such Non-Founding Member to cooperate with the with any Governmental Authority to its satisfaction.

(c) **Procedure.** The Company shall exercise its Buy-Back Right by notifying the Non-Founding Member whose Membership Interests are being purchased of the Company's intent to purchase all of the Non-Founding Member's Membership Interests and the grounds



upon which the Company is exercising its Buy-Back Right (the “Buy-Back Notice”). Subject to Section 8.06 the Company shall purchase the Membership Interests pursuant to its Buy-Back Right within thirty (30) days of providing the Buy-Back Notice.

(d) **Purchase Price.** The price to be paid by the Company to the Non-Founding Member for such Non-Founding Member’s Membership Interests pursuant to this Section 8.06 shall be the Book Value of such Membership Interests at the time of the purchase. Unless otherwise agreed to by the Company and the selling Non-Founding Member, the purchase price shall be paid in one lump sum by certified or official bank check or by wire transfer of immediately available funds.

(e) **Cooperation.** The selling Non-Founding Member shall take all actions as may be reasonably necessary to consummate any sale under this Section 8.06 including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(f) **No Further Rights or Obligations.** If a Non-Founding Member’s Membership Interests are purchased pursuant to the Company’s exercise of its Buy-Back Right, the Non-Founding Member shall cease to be a party to this Agreement and shall have no further rights or obligations hereunder, and this Agreement may be amended or terminated without the Non-Founding Member’s consent.

#### **8.07 Substituted Member.**

(a) A Transferee or successor to all or any portion of a Membership Interest of a Member shall become a “Substituted Member” in place of his Transferor only upon satisfaction of the following conditions:

(i) the Board consents to the admission of the Transferee as a Substituted Member;

(ii) the Transferor and Transferee file a notice or other evidence of transfer and such other information reasonably required by the Board, including, without limitation, names, social security numbers or employer identification numbers, addresses and telephone numbers of the Transferor and Transferee;

(iii) the Transferee agrees to be bound by the terms and conditions of the Certificate of Organization and this Agreement and executes a Joinder Agreement and such other documents as may be reasonably requested by the Board including without limitation, all documents necessary to comply with applicable tax and/or securities rules and regulations; and,

(iv) The Transferor or Transferee pays all costs and fees incurred or charged by the Company to effect the transfer and substitution, including without limitation counsel fees in connection with any opinion the Board may determine to be prudent to obtain in connection with such transfer and substitution.

(b) If a Transferee does not become a Substituted Member pursuant to this Section 8.07, the Transferee shall not have any rights to require any information on account of the Company's business, to inspect the Company's books, to participate in the management or operation of the Company, or to vote or otherwise take part in the affairs of the Company.

(c) Unless named in this Agreement, or unless admitted to the Company as above provided in this ARTICLE VIII, no Person shall be considered a Member, and the Company, each Member, and any other Persons having business with the Company need deal only with Members so named or so admitted and shall not be required to deal with any other Person by reason of an assignment by a Member or by reason of the death of a Member, except as otherwise provided in this Agreement. In the absence of substitution of a Member for a Transferring or deceased Member, any payment to a Member or to the successors, assigns, executors, administrators or personal representatives of a Member shall acquit the Company of all liability to any other Persons who may be interested in such payment by reason of a Transfer by such Member, by reason of the dissolution or death of such Member, or otherwise.

(d) Notwithstanding anything to the contrary in this Agreement, the Transferees of a Member as a result of such Member's death or total disability shall automatically become Substituted Members of the Company.

**8.08 Rights of Transferee of Economic Interest.** A Transferee not admitted as a Substitute Member shall receive only the economic right to receive distributions whenever made by the Company and the Transferor's allocable share of taxable income, gain, loss, deduction, and credit (an "Economic Interest"). Such Transferee, however, will be responsible for all Member obligations. A Transferee of an Economic Interest shall not be entitled to participate in the management or affairs of the Company or to be admitted as a Member or exercise any rights of a Member unless admitted as a Substitute Member pursuant to Section 8.07 hereof. Whether or not admitted as a Substitute Member, each Transferee of an Economic Interest shall be fully bound by all limitations set forth in this ARTICLE VIII with respect to any further Transfer.

**8.09 Prohibited Transfers.** Notwithstanding anything herein to the contrary, no Transfer of Membership Interests shall be permitted if such Transfer (i) would violate or result in the violation of any Applicable Law, or (ii) would result in the Company losing any license, approval, permit, or any other grant of authority from any Governmental Authority necessary for the Company lawfully to engage in its business.

## **ARTICLE IX ACCOUNTING; TAX MATTERS**

**9.01 Financial Statements.** The Company shall furnish to its Members annual financial statements, including at least a balance sheet and statements of income, cash flows and Members' equity for such Fiscal Year as of the end of each Fiscal Year. The financial statements shall be prepared on the basis of generally accepted accounting principles. The financial statements shall be mailed by the Company (including by electronic mail) to each of the Members within 120 days after the close of each Fiscal Year.

**9.02 Maintenance of Books and Records.** In addition to the financial records required to be maintained under Section 9.01, the Company shall keep the following records: (a) a list setting forth the full name and last known mailing address and e-mail address of each Member; (b) a copy of the Certificate of Organization and all amendments thereto; (c) copies of all of the Company's federal, state, and local income tax returns and annual financial statements; (d) copies of the currently effective written limited liability company agreement, and all amendments thereto, and copies of any limited liability company agreements no longer in effect; and, (e) minutes of the proceedings of the Board.

**9.03 Inspection Rights.** The Company shall establish a virtual data room to store all books and records required to be maintained under this Agreement and any Applicable Law, including but not limited to all books and records, minutes of proceedings, internal management documents, reports of operations, reports of adverse developments, material contracts, and copies of any management letters and communications with Members, and provide each Member and such Member's Representatives access to such data room.

**9.04 Financial Accounts.** All funds of the Company shall be deposited in its name, or in such name as may be designated by the Company, in such checking, savings or other accounts, or held in its name in the form of such other investments as shall be designated by the Board. The funds of the Company shall not be commingled with the funds of any other Person. All withdrawals of such deposits or liquidations of such investments by the Company shall be made exclusively upon the signature or signatures of any officer as the Board may designate, or, if none, then any Founding Member.

**9.05 Partnership Representative.**

(a) **Appointment.** The Company shall appoint a "partnership representative" (the "Partnership Representative") as provided in Code Section 6223(a) (as amended by the BBA). The Partnership Representative can be removed at any time by a vote of the Board. In the event of the removal of the Partnership Representative, the Board shall select a replacement Partnership Representative. If the removal of the Partnership Representative occurs prior to the effectiveness of the removal under applicable Treasury Regulations or other administrative guidance, the Partnership Representative that has been removed shall not take any actions in its capacity as Partnership Representative except as directed by the Board.

(b) **Tax Examinations and Audits.** The Partnership Representative is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by the Internal Revenue Service or any other state, local, or foreign taxing authority ("Taxing Authorities"), including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. Each Member agrees that such Member will not independently act with respect to tax audits or tax litigation of the Company, unless previously authorized to do so in writing by the Partnership Representative, which authorization may be withheld by the Partnership Representative in his or her sole and absolute discretion. The Partnership Representative shall have sole discretion to determine whether the Company (either on its own behalf or on behalf of the Members) will contest or continue to contest any tax deficiencies assessed or proposed to be

assessed by any Taxing Authority. The Company and its Members shall be bound by the actions taken by the Partnership Representative.

(c) **BBA Elections and Procedures.** In the event of an audit of the Company that is subject to the partnership audit procedures enacted under Section 1101 of the BBA (the “BBA Procedures”), the Partnership Representative, in its sole discretion, shall have the right to make any and all elections and to take any actions that are available to be made or taken by the Partnership Representative or the Company under the BBA Procedures (including any election under Code Section 6226). If an election under Code Section 6226(a) is made, the Company shall furnish to each Member for the year under audit a statement of the Member’s share of any adjustment set forth in the notice of final partnership adjustment, and each Member shall take such adjustment into account as required under Code Section 6226(b).

(d) **Tax Returns and Tax Deficiencies.** Each Member agrees that such Member shall not treat any Company item inconsistently on such Member’s federal, state, foreign or other income tax return with the treatment of the item on the Company’s return. Any deficiency for taxes imposed on any Member (including penalties, additions to tax or interest imposed with respect to such taxes and any tax deficiency imposed pursuant to Code Section 6226) will be paid by such Member and if required to be paid (and actually paid) by the Company, will be recoverable from such Member as provided in Section 6.05(d) hereof. To the extent that the Partnership Representative does not make an election under Code Section 6221(b) or Code Section 6226, the Company shall use commercially reasonable efforts to (i) make any modifications available under Code Section 6225(c)(3), (4), and (5), and (ii) if requested by a Member, provide to such Member information allowing such Member to file an amended federal income tax return, as described in Code Section 6225(c)(2), to the extent such amended return and payment of any related federal income taxes would reduce any taxes payable by the Company.

(e) **Resignation.** The Partnership Representative may resign at any time and, upon such resignation, the Board shall appoint a new Partnership Representative.

**9.06 Tax Returns.** At the expense of the Company, the Board shall endeavor to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company owns property or does business. As soon as reasonably possible after the end of each Fiscal Year, the Board will cause to be delivered to each Person who was a Member at any time during such Fiscal Year, IRS Schedule K-1 to Form 1065 and such other information with respect to the Company as may be necessary for the preparation of such Person’s federal, state and local income tax returns for such Fiscal Year.

## **ARTICLE X DISSOLUTION AND LIQUIDATION**

**10.01 Dissolution.** The Company shall dissolve, and its affairs shall be wound up, only upon the occurrence of any of the following events:

(a) An election to dissolve the Company is made in writing by the Board in accordance with ARTICLE VII;

(b) The sale, exchange, involuntary conversion, or other disposition or Transfer of all or substantially all the assets of the Company; or,

(c) The entry of a decree of judicial dissolution under § 44 of the Act.

**10.02 Effectiveness of Dissolution.** Dissolution of the Company shall be effective on the day on which the event described in Section 10.01 occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been distributed as provided in Section 10.03 and the Certificate of Organization shall have been cancelled as provided in Section 10.04.

**10.03 Liquidation.** If the Company is to be dissolved in accordance with Section 10.01, then the Company shall be liquidated and its business and affairs wound up in accordance with the Act and the following provisions:

(a) **Liquidator.** The Board, or a Person assigned by the Board, shall act as a liquidator to wind up the Company (the “Liquidator”). The Liquidator shall have a full power and authority to sell, assign, and encumber any or all of the Company’s assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(b) **Accounting.** As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company’s assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) **Distributions.** The Liquidator shall liquidate the assets of the Company and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of Applicable Law:

(i) first, to the payment of all of the Company’s debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(ii) second, to the establishment of and additions to reserves that are determined by the Board in its sole discretion to be reasonably necessary for any contingent unforeseen liabilities or obligations of the Company; and

(ii) third, to the Members in the same manner as distributions are made under Section 6.02.

(d) **Discretion of Liquidator.** Notwithstanding the provisions of Section 10.03(c) that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in Section 10.03(c), if upon dissolution of the Company the Liquidator determines that an

immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may, in its absolute discretion, distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of Section 10.03(c), undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such distribution in kind will be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such distribution, any property to be distributed will be valued at its Fair Market Value.

**10.04 Cancellation of Certificate.** Upon completion of the distribution of the assets of the Company as provided in Section 10.03(c) hereof, the Company shall be terminated and the Liquidator shall cause the cancellation of the Certificate of Organization in the State of Massachusetts and of all qualifications and registrations of the Company as a foreign limited liability company in jurisdictions other than the State of Massachusetts and shall take such other actions as may be necessary to terminate the Company.

**10.05 Survival of Rights, Duties and Obligations.** Dissolution, liquidation, winding up or termination of the Company for any reason shall not release any party from any loss which at the time of such dissolution, liquidation, winding up or termination already had accrued to any other party or which thereafter may accrue in respect of any act or omission prior to such dissolution, liquidation, winding up or termination. For the avoidance of doubt, none of the foregoing shall replace, diminish or otherwise adversely affect any Member's right to indemnification pursuant to Section 11.03.

**10.06 Recourse for Claims.** Each Member shall look solely to the assets of the Company for all distributions with respect to the Company, such Member's Capital Account, and such Member's share of Net Income, Net Loss and other items of income, gain, loss and deduction, and shall have no recourse therefor (upon dissolution or otherwise) against the Liquidator or any other Member.

## **ARTICLE XI EXCULPATION AND INDEMNIFICATION**

### **11.01 Exculpation of Covered Persons.**

(a) **Covered Persons.** As used herein, the term "Covered Person" shall mean (i) each Member, (ii) each Manager, officer, director, shareholder, partner, member, controlling Affiliate, employee, agent or representative of each Member, and each of their controlling Affiliates, and (iii) each officer, agent or representative of the Company.

(b) **Standard of Care.** No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any action taken or omitted to be taken by such Covered Person in good-faith reliance on the provisions of this

Agreement, so long as such action or omission does not constitute fraud or willful misconduct by such Covered Person.

(c) **Good Faith Reliance.** A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements (including financial statements and information, opinions, reports or statements as to the value or amount of the assets, liabilities, Net Income or Net Losses of the Company or any facts pertinent to the existence and amount of assets from which distributions might properly be paid) of the following Persons or groups: (i) another Covered Person; (ii) one or more officers or employees of the Company; (iii) any attorney, independent accountant, appraiser or other expert or professional employed or engaged by or on behalf of the Company; or (iv) any other Person selected in good faith by or on behalf of the Company, in each case as to matters that such relying Person reasonably believes to be within such other Person's professional or expert competence. The preceding sentence shall in no way limit any Person's right to rely on information to the extent provided in § 11 of the Act.

#### **11.02 Liabilities and Duties of Covered Persons.**

(a) This Agreement is not intended to, and does not, create or impose any fiduciary duty on any Covered Person. Furthermore, each of the Members and the Company hereby waives any and all fiduciary duties that, absent such waiver, may be implied by Applicable Law, and in doing so, acknowledges and agrees that the duties and obligation of each Covered Person to each other and to the Company are only as expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person.

(b) Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person's "discretion" or under a grant of similar authority or latitude), the Covered Person shall be entitled to consider only such interests and factors as such Covered Person desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company or any other Person. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person's "good faith," the Covered Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other Applicable Law.

#### **11.03 Indemnification.**

(a) **Indemnification.** To the fullest extent permitted by the Act, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Act permitted the Company to provide prior to such amendment, substitution or replacement), the Company shall indemnify, hold harmless, defend, pay and reimburse any Covered Person against any and all losses, claims, damages, judgments, fines or liabilities, including reasonable legal fees or other expenses incurred in investigating or defending against such losses, claims,

damages, judgments, fines or liabilities, and any amounts expended in settlement of any claims (collectively, "Losses") to which such Covered Person may become subject by reason of:

(i) Any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company, any Member of the Company, or any direct or indirect Subsidiary of the Company, if any, in connection with the business of the Company; or

(ii) The fact that such Covered Person is or was acting in connection with the business of the Company as a partner, member, stockholder, controlling Affiliate, manager, director, officer, employee or agent of the Company, any Member, or any of their respective controlling Affiliates, or that such Covered Person is or was serving at the request of the Company as a partner, member, manager, director, officer, employee or agent of any Person including the Company or any Company Subsidiary;

*provided*, that (x) such Covered Person acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful, it being expressly agreed and acknowledged that such Covered Persons' conduct of the Company's Business may violate state and federal law governing cannabis, and that such conduct is hereby deemed a Covered Loss; and (y) such Covered Person's conduct did not constitute fraud or willful misconduct, in either case as determined by a final, non-appealable order of a court of competent jurisdiction. In connection with the foregoing, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the Covered Person did not act in good faith or, with respect to any criminal proceeding, had reasonable cause to believe that such Covered Person's conduct was unlawful, or that the Covered Person's conduct constituted fraud or willful misconduct.

(b) **Reimbursement.** The Company shall promptly reimburse (and/or advance to the extent reasonably required) each Covered Person for reasonable legal or other expenses (as incurred) of such Covered Person in connection with investigating, preparing to defend or defending any claim, lawsuit or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 11.03; *provided*, that if it is finally judicially determined that such Covered Person is not entitled to the indemnification provided by this Section 11.03, then such Covered Person shall promptly reimburse the Company for any reimbursed or advanced expenses.

(c) **Entitlement to Indemnity.** The indemnification provided by this Section 11.03 shall not be deemed exclusive of any other rights to indemnification to which those seeking indemnification may be entitled under any agreement or otherwise. The provisions of this Section 12.03 shall continue to afford protection to each Covered Person regardless of whether such Covered Person remains in the position or capacity pursuant to which such Covered Person became entitled to indemnification under this Section 11.03 and shall inure to the benefit of the executors, administrators, legatees and distributees of such Covered Person.



(d) **Insurance.** To the extent available on commercially reasonable terms, the Company may purchase, at its expense, insurance to cover Losses covered by the foregoing indemnification provisions and to otherwise cover Losses for any breach or alleged breach by any Covered Person of such Covered Person's duties in such amount and with such deductibles as the Company may determine; *provided*, that the failure to obtain such insurance shall not affect the right to indemnification of any Covered Person under the indemnification provisions contained herein, including the right to be reimbursed or advanced expenses or otherwise indemnified for Losses hereunder. If any Covered Person recovers any amounts in respect of any Losses from any insurance coverage, then such Covered Person shall, to the extent that such recovery is duplicative, reimburse the Company for any amounts previously paid to such Covered Person by the Company in respect of such Losses.

(e) **Funding of Indemnification Obligation.** Notwithstanding anything contained herein to the contrary, any indemnity by the Company relating to the matters covered in this Section 11.03 shall be provided out of and to the extent of Company assets only, and no Member (unless such Member otherwise agrees in writing) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity by the Company.

(f) **Savings Clause.** If this Section 11.03 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Covered Person pursuant to this Section 11.03 to the fullest extent permitted by any applicable portion of this Section 11.03 that shall not have been invalidated and to the fullest extent permitted by Applicable Law.

(g) **Amendment.** The provisions of this Section 11.03 shall be a contract between the Company, on the one hand, and each Covered Person who served in such capacity at any time while this Section 11.03 is in effect, on the other hand, pursuant to which the Company and each such Covered Person intend to be legally bound. No amendment, modification or repeal of this Section 11.03 that adversely affects the rights of a Covered Person to indemnification for Losses incurred or relating to a state of facts existing prior to such amendment, modification or repeal shall apply in such a way as to eliminate or reduce such Covered Person's entitlement to indemnification for such Losses without the Covered Person's prior written consent.

(h) **Survival.** The provisions of this ARTICLE XI shall survive the dissolution, liquidation, winding up and termination of the Company.

## **ARTICLE XII COVENANTS**

### **12.01 Confidentiality.**

(a) Each Member acknowledges that during the term of this Agreement, he, she, or it will have access to and become acquainted with trade secrets, proprietary information and confidential information belonging to the Company, the Company Subsidiaries and their Affiliates that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this

Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, “Confidential Information”). In addition, each Member acknowledges that: (i) the Company has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Confidential Information; (ii) the Confidential Information provides the Company with a competitive advantage over others in the marketplace; and (iii) the Company would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public. Without limiting the applicability of any other agreement to which any Member is subject, no Member shall, directly or indirectly, disclose or use (other than solely for the purposes of such Member monitoring and analyzing his investment in the Company or performing his duties as a Manager, Officer, employee, consultant or other service provider of the Company) at any time, including, without limitation, use for personal, commercial or proprietary advantage or profit, either during his association or employment with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) Nothing contained in Section 12.01(a) shall prevent any Member from disclosing Confidential Information: (i) upon the order of any court or administrative agency; (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Member; (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (iv) to the extent necessary in connection with the exercise of any remedy hereunder; (v) to other Members; (vi) to such Member’s Representatives who, in the reasonable judgment of such Member, need to know such Confidential Information and agree to be bound by the provisions of this Section 12.01 as if a Member; or (vii) to any potential Permitted Transferee in connection with a proposed Transfer of Membership Interests from such Member, as long as such Transferee agrees to be bound by the provisions of this Section 12.01 as if a Member; *provided*, that in the case of clause (i), (ii) or (iii), such Member shall notify the Company and other Members of the proposed disclosure as far in advance of such disclosure as practicable (but in no event make any such disclosure before notifying the Company and other Members) and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment satisfactory to the Company, when and if available.

(c) The restrictions of Section 12.01(a) shall not apply to Confidential Information that the Member can demonstrate with written documentation: (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement; (ii) is or becomes available to a Member or any of its Representatives on a non-confidential basis prior to its disclosure to the receiving Member and any of its Representatives in compliance with this Agreement; (iii) is or has been independently developed or conceived by such Member without use of Confidential Information; or (iv) becomes available to the receiving Member or any of its Representatives on a non-confidential basis from a source other than the Company, any other Member or any of their respective Representatives; *provided*, that such

source is not known by the recipient of the Confidential Information to be bound by a confidentiality agreement with the disclosing Member or any of its Representatives.

## **12.02 Non-compete; Non-solicit.**

(a) **Non-compete.** In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member hereby agrees that, during the period of his, hers, or its continued ownership of Membership Interests, employment, or other engagement with the Company and for a period of two (2) years running consecutively thereafter, beginning on the last day of the Member's ownership of Membership Interests, employment, or other engagement with the Company for any reason or no reason (the "Restricted Period"), such Member shall not (x) render services or give advice to, or affiliate with (as employee, partner, consultant or otherwise), or (y) directly or indirectly through one or more of any of their respective Affiliates, own, manage, operate, control or participate in the ownership, management, operation or control of, any Competitor or any division or business segment of any Competitor. For purposes of this Section 12.02(a), "Competitor" means any other Person engaged, directly or indirectly, in whole or in part, in the same or similar business as the Company, including those engaged in the business of growing, cultivating, extracting, processing, selling or distributing cannabis and cannabis-based products anywhere in the United States.

(b) **Non-solicit of Employees.** In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member further agrees that, during the Restricted Period, he, she, or it shall not, directly or indirectly through one or more of any of their respective Affiliates, hire or solicit, or encourage any other Person to hire or solicit, any individual who has been employed by the Company or any Company Subsidiary within one (1) year prior to the date of such hiring or solicitation, or encourage any such individual to leave such employment.

(c) **Non-solicit of Clients.** In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member further agrees that, during the Restricted Period, he, she, or it shall not, directly or indirectly through one or more of any of their respective Affiliates, solicit, advise, suggest, or entice, or attempt to solicit, advise, suggest, or entice, any clients, customers or suppliers of the Company or any Company Subsidiary to withdraw, discontinue, or curtail any business or business relationship with the Company or for the purposes of diverting their business or services from the Company.

(d) **Amendment.** If any court of competent jurisdiction determines that any of the covenants set forth in this Section 12.02, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to modify any such unenforceable provision in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language, or by making such other modifications to this Section 12.02 as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by Applicable Law. The parties hereto

expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them.

**12.03 Rights of Participation.** No Member shall have the right to participate in any agreement, venture, investment, or other business relationship in which the Company or any other Member is a party.

**12.04 Equitable Remedies.** Each Member hereto acknowledges that a breach or threatened breach by such Member of any of its obligations under this ARTICLE XII would give rise to irreparable harm to the Company and the other Members for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such Member of any such obligations, the Company shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

## **ARTICLE XIII INTELLECTUAL PROPERTY**

### **13.01 Assignment of Intellectual Property.**

(a) Each Member, as applicable (each an “Assigning Member”), hereby irrevocably conveys, transfers, and assigns to the Company, and the Company hereby accepts, all of each Assigning Members’ rights, title, and interests in and to:

(i) the patents and patent applications, trademark registrations and applications (including all goodwill connected with the use of such trademark registrations) and copyright registrations and applications, set forth on Schedule B to this Agreement (the “Assigned IP”);

(ii) all rights of any kind whatsoever accruing under the Assigned IP by applicable law of any jurisdiction, by international treaties and conventions, and otherwise throughout the world;

(iii) any and all royalties, fees, income, payments, and other proceeds now or hereafter due or payable with respect to any and all of the Assigned IP; and

(iv) any and all claims and causes of action with respect to any of the Assigned IP, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

(b) Following the date hereof, Assigning Members shall take such steps and actions, and provide such cooperation and assistance to the Company and its successors, assigns, and

legal representatives, including the execution and delivery of any affidavits, declarations, oaths, exhibits, assignments, powers of attorney, or other documents, as may be reasonably necessary to effect, evidence, or perfect the assignment of the Assigned IP to the Company, or any assignee or successor thereto.

**13.02 Future Inventions and Developments.** Each Member agrees to assign to Company as a result of this Agreement his, her, or its entire right, title and interest in and to all Intellectual Property (as defined below) made, written or conceived by such Member in furtherance of the Company's business, jointly or with others, while such Member is a Member of the Company, together with such patents or patent applications and copyrights, as may be obtained or filed in any country. All copyrightable works created by each Member in furtherance of the Company's business will be considered "work for hire" owned by the Company to the greatest extent permitted by law. At the request and sole expense of Company, a Member shall execute all documents for use in applying for, obtaining and maintaining such patents, trademark or copyrights as Company may desire, and execute and deliver all formal assignments for such Intellectual Property, as necessary to effectuate or evidence the assignment set forth in this Section 13.02. As used in this Section 13.02, the term "Intellectual Property" means all ideas, Inventions (as defined below), improvements, developments and designs (whether or not capable of being patented), works of authorship (including, but not limited to, computer programs and software source code), information fixed in any tangible medium of expression (whether or not protectable under copyright laws), trademarks, trade names, trade secrets, know-how, ideas (whether or not protectable under trade secret laws), and all other subject matter protectable under patent, copyright, trademark, trade secret or other laws, and includes without limitation all new or useful combinations, discoveries, formulae, manufacturing techniques, technical developments, discoveries, artwork, software, and designs relating to the products, services, and the mission of the Company. Intellectual Property that does not, in the reasonable sole discretion of the Company, pertain to the Business, commercial or industrial activities, or mission of the Company shall remain the property of the creating Member. "Intellectual Property" also includes "Inventions," which is defined to mean any inventions protected under any United States or other patent laws, or inventions that any Person was hired by the Company to invent. Members shall disclose promptly and fully to Company all said ideas, inventions, improvements, developments and designs.

## **ARTICLE XIV MISCELLANEOUS PROVISIONS**

**14.01 Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. If executed in multiple counterparts, this Agreement shall become binding when any counterpart or counterparts, individually or taken together, bear the signatures of all of the Founding Members.

**14.02 Specific Exclusion of Federal Law.** Due to the unique nature of the Business and the legal status of cannabis and cannabis-related products and services, any and all references herein to "Applicable Law" and/or "Governmental Authority," "governing body" and/or "governmental agency" shall specifically and intentionally exclude any federal law, rule

or regulation of any federal governmental agency or body that identifies or classifies the growing, production, manufacture, sale and/or possession of cannabis as a crime or otherwise prohibits the growing, production, manufacture, sale and/or possession of cannabis, including, but not limited to, the Federal Controlled Substances Act. No Member shall interpose a defense of illegality to the enforcement of this Agreement.

**14.03 Notices.** Any notice of a meeting or for any other purpose required to be given to a Member under the provisions of this Agreement or by the Act shall be given either personally or by (i) sending a copy thereof by first class or express mail, postage prepaid, or courier service, charges prepaid, to the postal address of the Person appearing on the books of the Company or, (ii) by e-mail or other electronic communication to the Person's address for e-mail or other electronic communications supplied by the Person to the Company for the purpose of notice. Notice pursuant to this paragraph shall be deemed to have been given to the Person entitled thereto when sent.

**14.04 Entire Agreement.** This Agreement constitutes the entire agreement among the Members with respect to the subject matter hereof and supersedes all prior agreements, express or implied, oral or written, with respect thereto. The express terms of this Agreement control and supersede any course of performance or usage of trade inconsistent with any of the terms hereof.

**14.05 Effect of Waiver or Consent.** A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the period of the applicable statute of limitations has run.

**14.06 Amendment.** No provision of this Agreement or the Certificate of Organization may be amended or modified except upon an affirmative vote of the Board in accordance with the terms and procedures of this Agreement. Any such written amendment or modification will be binding upon the Company and each Member; *provided*, that an amendment or modification modifying the rights or obligations of any Member in a manner that is disproportionately adverse to (i) such Member relative to the rights of other Members in respect of Membership Interests of the same class or series or (ii) a class or series of Membership Interests relative to the rights of another class or series of Membership Interests, shall in each case be effective only with that Member's consent or the consent of the Members holding a majority of the Membership Interests in that class or series, as applicable. Notwithstanding the foregoing, amendments to the Members Schedule following any new issuance, redemption, repurchase or Transfer of Membership Interests in accordance with this Agreement may be made by the Board without the consent of or execution by the Members.

**14.07 Binding Effect and Rights of Third Parties.** This Agreement has been adopted to govern the operation of the Company and shall be binding on and inure to the benefit of the Members and their respective heirs, personal representatives, successors, and permitted assigns.

This Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person, except a Person entitled to indemnification, contribution, or advancement of expenses under ARTICLE XI. Except and only to the extent provided by applicable law, no such creditor or other Person shall have any rights under this Agreement.

**14.08 Governing Law.** This Agreement shall be governed by and interpreted and enforced in accordance with the substantive laws of the State of Delaware, without reference to the conflicts of laws rules of that or any other jurisdiction, except that federal law shall also apply to the extent relevant.

**14.09 Arbitration.** All disputes arising under this Agreement shall promptly be submitted to arbitration in New York, before one arbitrator in accordance with the rules of the American Arbitration Association. The arbitrator may assess costs, including counsel fees, in such manner as the arbitrator deems fair and equitable. The award of the arbitrator shall be final and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; *provided*, application for the equitable relief set forth in Section 12.05 may be brought in the State or Federal Courts located in New York, New York.

**14.10 Severability.** If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances shall not be affected thereby and that provision shall be enforced to the greatest extent permitted by law.



**14.11 Survival.** The rights and obligations set forth in ARTICLES XII, XII, and XIII shall survive the termination of this Agreement and the dissolution and liquidation of the Company.

**14.12 Construction.** Whenever the context requires, the gender of any word used in this Agreement includes the masculine, feminine, or neuter, and the number of any word includes the singular or plural. All references to articles and sections refer to articles and sections of this Agreement, and all references to schedules are to schedules attached hereto, each of which is made a part hereof for all purposes. The headings in this Agreement are for convenience only; they do not form a part of this Agreement and shall not affect its interpretation.

*Intentionally Left Blank*

IN WITNESS WHEREOF, the Members of the Company have caused this Agreement to be executed as of the day and year first above written.

MEMBERS:

  
\_\_\_\_\_  
Kevin Wong  
\_\_\_\_\_  
Robert Pervere  
\_\_\_\_\_  
Tymofey Wowk



**SCHEDULE A**

**MEMBERS SCHEDULE**

<b><u>Member</u></b>	<b><u>Capital Contribution</u></b>	<b><u>Percentage Interest in the Company</u></b>
Kevin Wong*	Services	40%
Robert Pervere*	Services	35%
Tymofey Wowk*	Services	25%
<b>Total</b>		<b>100%</b>

\*Founding Member

**SCHEDULE B**

**ASSIGNED IP**

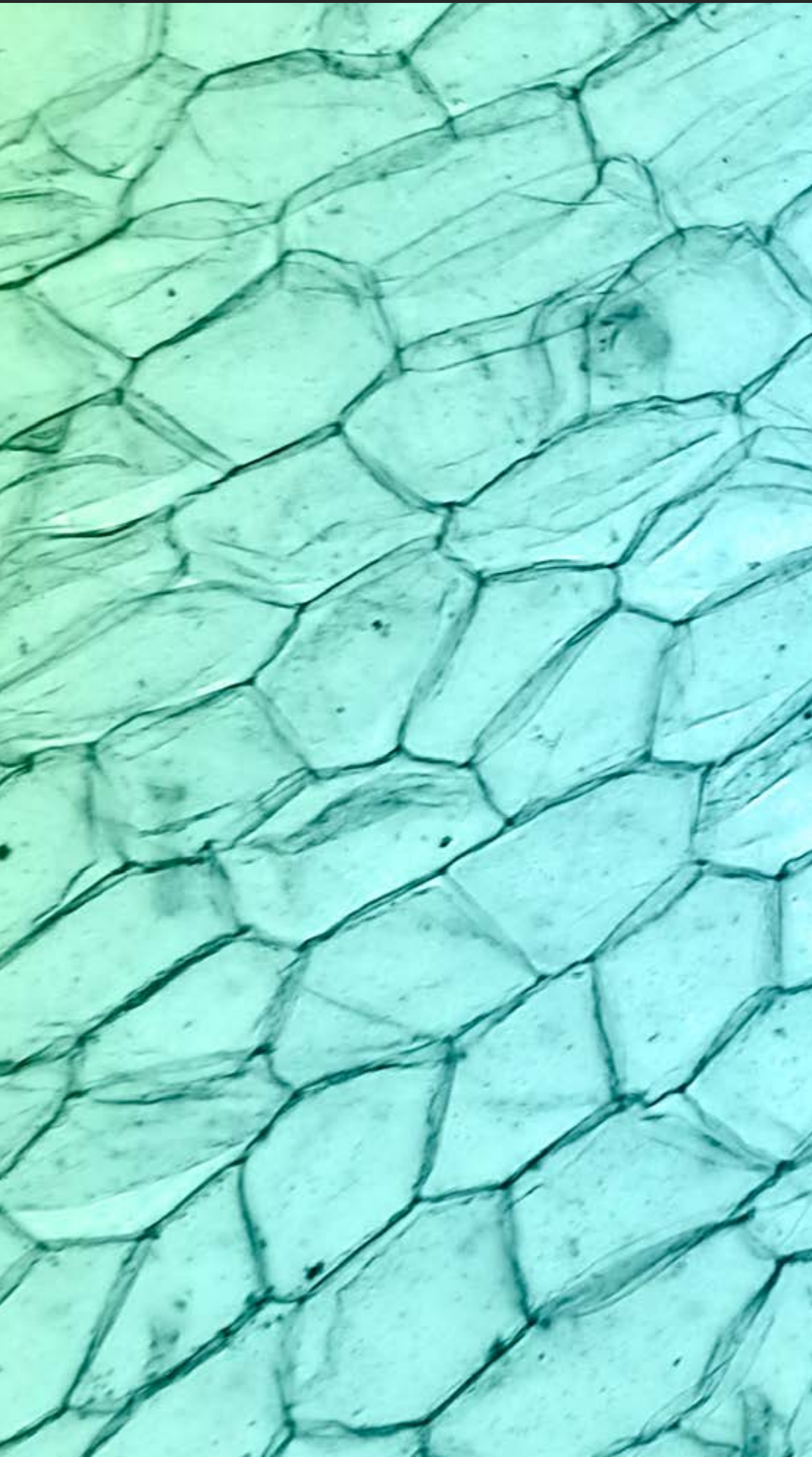
## **EXHIBIT A**

### **FORM JOINDER AGREEMENT**

Reference is hereby made to the Operating Agreement, dated February 10th, 2020 as amended from time to time (the “LLC Agreement”), among [REDACTED] and Clean Technique LLC, a limited liability company organized under the laws of Massachusetts (the “Company”). Pursuant to and in accordance with Section 3.01 of the LLC Agreement, the undersigned hereby acknowledges that [he/she/it] has received and reviewed a complete copy of the LLC Agreement and agrees that upon execution of this Joinder, such Person shall become a party to the LLC Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the LLC Agreement as though an original party thereto and shall be deemed, and is hereby admitted as, a Member for all purposes thereof and entitled to all the rights incidental thereto.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the LLC Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of February 10th, 2020.



CLEAN   
TECHNIQUE™

# Table of Contents

<b>Executive Summary</b>	<b>3</b>
<b>Opportunity</b>	<b>5</b>
Current Landscape	
Market Insights	
Problem and Solution	
Benefits of Cannabis Oils	
<b>Differentiation/Why Clean Technique?</b>	<b>11</b>
Supply Chain	
Competition	
ProcessPerfect™ (QMS)	
Technology	
<b>Products &amp; Services</b>	<b>21</b>
Oil as a Service	
Wholesale Bulk Refined Oil	
White Label Oil-Based Vape Cartridges	
Data-Driven Consultation Services	
Packaging	
Proof of Concept	
<b>Sales &amp; Marketing</b>	<b>23</b>
Target Market	
Account-Based Marketing Strategy	
Public Relations	
Content Marketing Strategy	
Strategic Alliances	
Pricing and Distribution	
<b>Milestones &amp; Metrics</b>	<b>33</b>
Key Performance Indicators (KPIs)	
Milestones	
Assumptions and Risks	
<b>Financial Plan</b>	<b>36</b>
Sales Forecast	
Personnel Plan	
Pivot Opportunity	
<b>Appendix</b>	<b>40</b>

# Build it Better. Build it Now.

Clean Technique empowers resource-limited cannabis companies by providing comprehensive manufacturing infrastructure - fortified by a commitment to quality, science, and data analytics.



## INDUSTRY CHALLENGES

Companies seeking to develop cannabis oil-based products and/or to keep up with high demand face various challenges, including:

- Lack of reliable quality standards
- Lack of resources
- Lack of data-driven consultation

## OPPORTUNITY

The 2019 US cannabis market will approach \$14 billion in total revenue with a compound annual growth rate (CAGR) of 16%. The total revenue in Massachusetts is projected to reach \$1.17 billion by 2020, with adult-use sales having reached \$9.3 million within the first 4 weeks of commencing in November 2018.

Quality and compliance are currently the largest hurdles facing the cannabis industry. Companies that implement quality management systems (QMS) from the outset are more profitable than companies that later attempt to retrofit a QMS.

## SOLUTION

Clean Technique provides comprehensive manufacturing infrastructure and strategic consultation for cannabis oil extraction and refinement to resource-limited companies in Massachusetts.

## TARGET MARKET & PRODUCT OFFERINGS



### CANNABIS EXTRACTION AND REFINEMENT AS A SERVICE

for companies with a surplus of cannabis flower.



### VAPE CARTRIDGE AS A SERVICE

for companies seeking white label, retail-ready products.



### WHOLESALE BULK REFINED OIL

for companies with a need for oil as a main ingredient for infused products.



### DATA-DRIVEN CONSULTATION

for companies lacking proper compliance and market guidance.

FEATURE	BENEFIT
<b>Quality:</b> High-quality production standards recognized internationally	Lean generation of consistently high-quality, safe product
<b>Oil:</b> State-of-the-art cannabis extraction and oil refinement technology	Comprehensive scientific production capabilities
<b>Consultation:</b> Data-driven consultation and field support from experts	Development of high market appeal product
<b>Full Service:</b> Integration of business processes to streamline workflow and maximize efficiency	End-to-end solution for client

FIGURE 1: Feature Benefits Table, Clean Technique 2019

# Current Cannabis Landscape



FIGURE 4: Snapshot of National Cannabis Market Size and CAGR

In 2018, the US cannabis market was \$10.8 Billion with projected double the revenue growth by 2023, with a CAGR of 16% US and 34% globally.

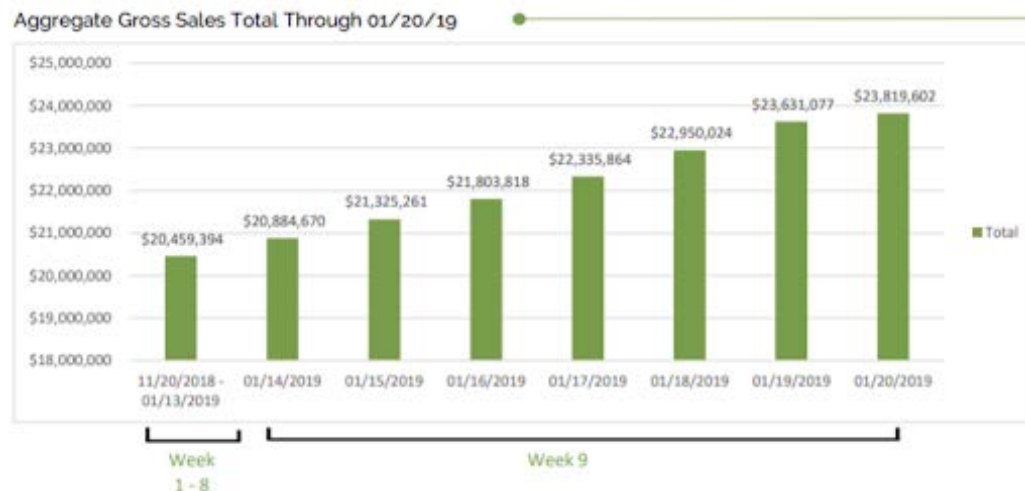


FIGURE 5: MA Cannabis Control Commission (2019)

The total revenue in Massachusetts is projected to reach \$1.17 billion by 2020, with adult-use sales reaching \$9.3 million within the first 4 weeks of commencing with only a handful of operational retail dispensaries.



# Market Insights

Concentrates have grown into the second largest segment within the cannabis industry and is on pace to outgrow traditional flower, which is steadily declining.

SOURCE: BDS Analytics. September 2017. Now We Know What Californians are Smoking. <https://www.bdsanalytics.com/wp-content/uploads/2017/10/The-California-Cannabis-Marketplace.pdf>



FIGURE 6: Product Category Shares by State in Q2 of 2017

Concentrates hold the second largest market share of the four most mature cannabis states, indicating patterns which will exist in newer markets. Edibles, which require cannabis oil are 3rd.

SOURCE: New Frontier Data (2016)

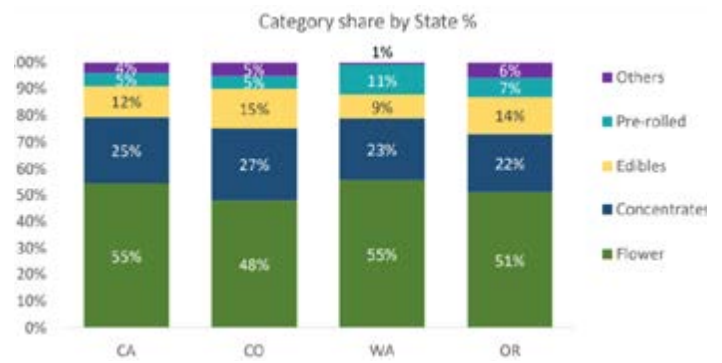


FIGURE 7: Concentrates sales by product and state

Vape cartridges are the most popular product subcategory within concentrates and are created from oil.

SOURCE: BDS Analytics. September 2017. Now We Know What Californians are Smoking. <https://www.bdsanalytics.com/wp-content/uploads/2017/10/The-California-Cannabis-Marketplace.pdf>

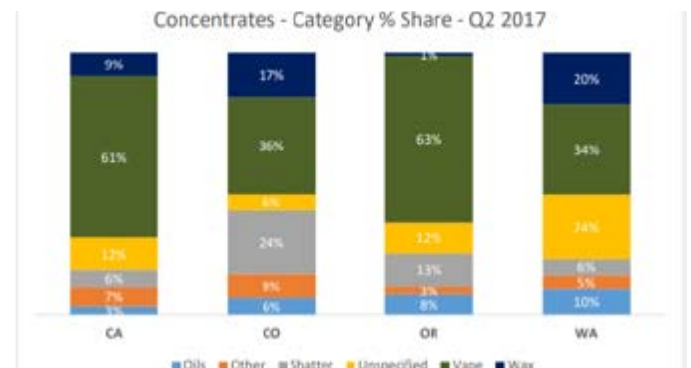


FIGURE 8: Concentrates sales by product and state



# Market Insights

The cannabis concentrate<sup>1</sup> market is currently \$3 billion in total revenue and projected to hit \$8 billion, with \$6.5 billion accounted for by vape cartridges by 2022. The oil-infused edibles market is currently \$2.3 billion in total revenue and projected to hit \$5.3 billion by 2022.

SOURCE: Cannabis Business Times (2018)

Growth of Cannabis Concentrates and Edibles 2018-2022

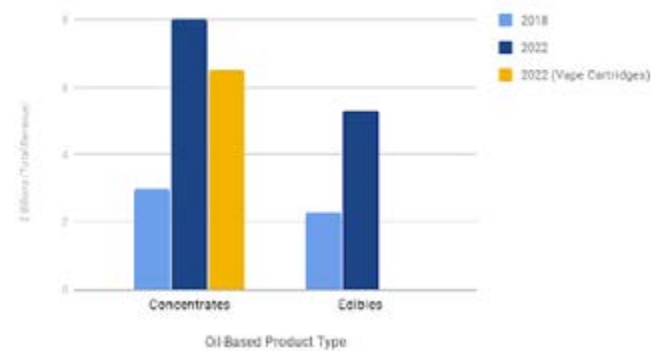


FIGURE 9: Growth of Cannabis Concentrates and Edibles 2018-2022

The net profit margin of cannabis significantly exceeds those of long-established consumer goods.

SOURCE: New Frontier Data (2016)



FIGURE 10: Net Profit Margins

In 2016, manufacturers of concentrates/oil-infused products had higher profit margins (30%) than cultivators (21%) and dispensaries (19%).

SOURCE: Marijuana Business Daily Factbook (2017)

Supply Chain Profit Margins

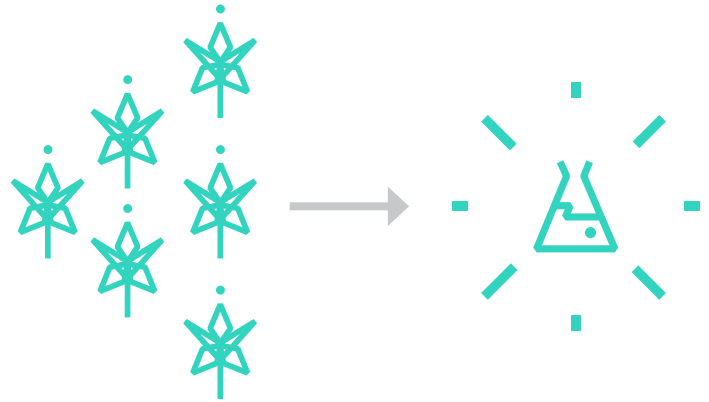


FIGURE 11: Supply Chain Profit Margins

<sup>1</sup>"CONCENTRATES" IS A GENERAL PRODUCT CATEGORY WHICH IS MADE UP OF: VAPE CARTRIDGES, SHATTER, WAX

# Benefits of Cannabis Oil

Cannabis flower has a shelf life of only a few months before it degrades and becomes unsellable. Therefore, it is necessary to move inventory quickly OR extend the shelf life by conversion into cannabis oil.



## ADDITIONAL BENEFITS OF CANNABIS OIL

- Improved safety** as extraction process eliminates residual bacteria and mycotoxins from cannabis flower
- Greater manufacturing accuracy and precision** via compound isolation and purification, resulting in a consistently safer product more conducive to end users, particularly in the medical and wellness segment
- Core ingredient** in every cannabis-infused product, offers customized customer experiences based on their preferences due to the ability to actively control potency
- Inconspicuous** and less susceptible to social stigma, providing consumers with discretion and privacy

FIGURE 12: Additional Benefits, Clean Technique 2019

## WHY MASSACHUSETTS

Highlighted in blue are the current medically legal states which offer Clean Technique the opportunity to expand into due to their proximity to Massachusetts. We anticipate most of these states to be recreationally legal within 5 years. The total population of these states is over 60 million which is 34% larger than the population of California (39,776,830).

1. New Jersey (9,032,872)
2. Rhode Island (1,061,712)
3. Massachusetts (6,895,917)
4. Connecticut (3,588,683)
5. Maryland/DC (6,079,602)
6. Delaware (971,180)
7. New York (19,862,512)
8. Florida (21,312,211)
9. Pennsylvania (12,823,989)
10. Ohio (11,694,664)

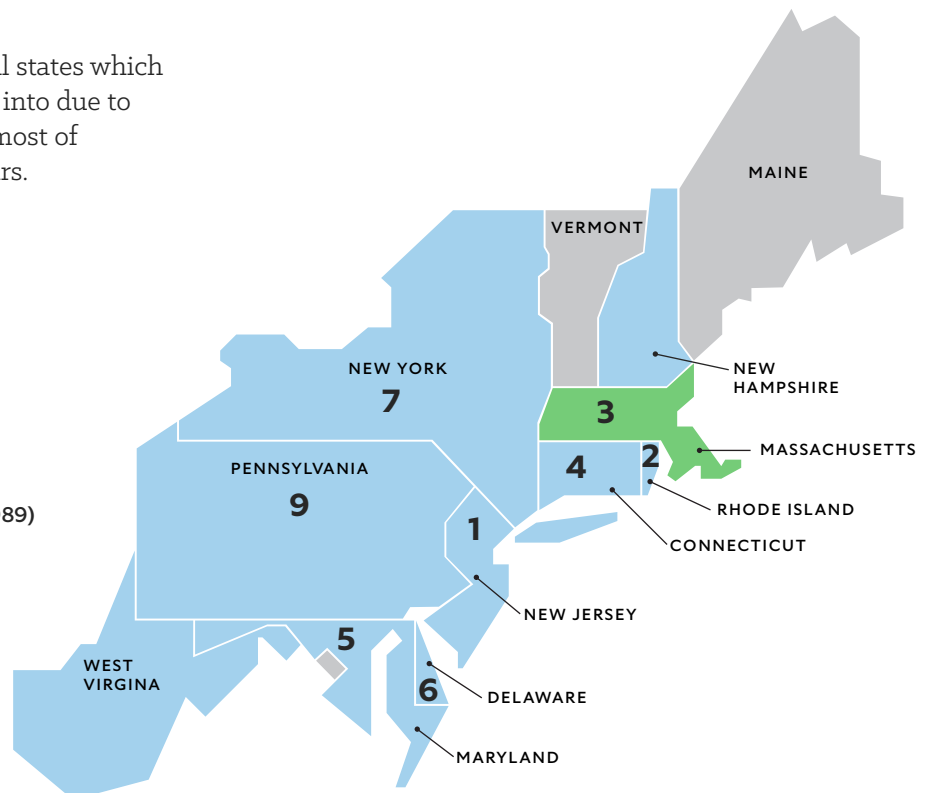
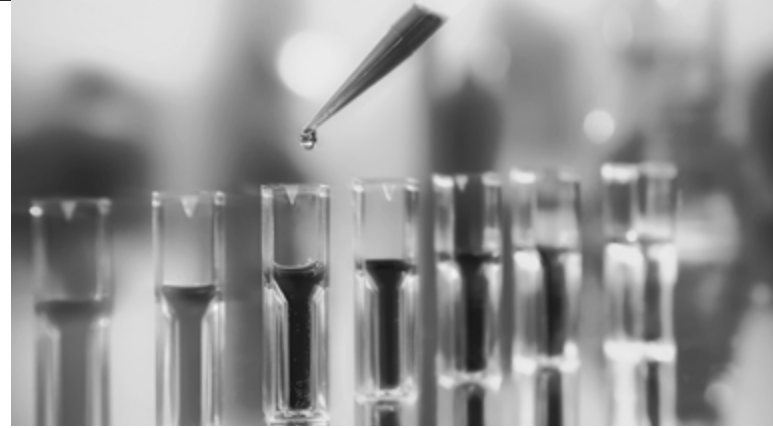


FIGURE 13: Why Massachusetts Map, Clean Technique 2019

# Problem and Solution



## THE PROBLEM

While it's clear the cannabis industry is one of the fastest growing global sectors, it faces increasingly stringent regulation and quality demands. Companies trying to break into the cannabis oils market and/or keep up with its demands are struggling with three major challenges:

RESOURCES	Lack of manufacturing resources (capacity, capital, time) and scientific expertise
QUALITY ASSURANCE/ QUALITY CONTROL	Lack of reliable pharmaceutical quality standards in manufacturing and daily operations
MARKET DATA & INSIGHTS	Lack of data-driven product development and marketing/sales strategy in a dynamic regulatory environment

## CANNABIS OILS ARE THE FUTURE OF THE CANNABIS LANDSCAPE<sup>2</sup>

However, extraction is an expensive and scientifically technical segment of the supply chain. Companies trying to build internal infrastructure often underestimate the intensity of capital, skilled labor and time associated with high-capacity, regulatory-complaint manufacturing. They are often stretched thin, making the fastest growing segment of the cannabis market inaccessible to them.

## INSIGHT

According to Marijuana Business Daily (2017), infused product businesses with in-house processing typically spend 75% more to launch a business and have 40% higher annual operating costs vs businesses who third party process, thereby creating significant demand for outsourcing.

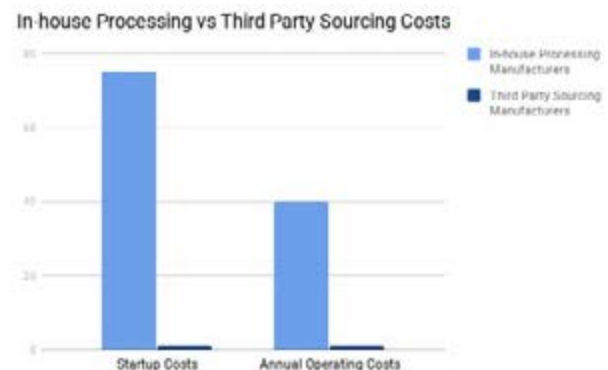


FIGURE 14: Costs to Extract In-house Versus Outsourcing

<sup>2</sup>BDS ANALYTICS. 2018. RETRIEVED FROM: [HTTPS://BDSANALYTICS.COM/FLOWER-WHERE-HAVE-YOU-GONE/](https://bdsanalytics.com/flower-where-have-you-gone/)

THE SOLUTION

Clean Technique offers resource-limited companies an opportunity to enter or expand in the most lucrative sector of the cannabis industry (concentrates/oil and oil-infused products) by providing comprehensive manufacturing infrastructure for cannabis oil of the highest quality, and data-driven consultation, all rooted in scientific process and expertise.

We ensure compliance through our proprietary quality management system (QMS), Process Perfect™, which is guided by ISO 9001:2015 and Current Good Manufacturing Practice (cGMP), two internationally recognized standards. This will result in consistently high-quality cannabis oil-based products, ensuring clients will meet current and future regulatory requirements while protecting consumer safety.

RESOURCES	<ul style="list-style-type: none"><li>• Extraction and refinement of client cannabis biomass into oil as a service</li><li>• Wholesale bulk refined oil</li><li>• White label oil-based vape cartridges (non-combustible vapor as compared to smoking)</li></ul>
QUALITY ASSURANCE/ QUALITY CONTROL	<ul style="list-style-type: none"><li>• Process Perfect™</li></ul>
MARKET DATA & INSIGHTS	<ul style="list-style-type: none"><li>• Data-driven product development consultation</li><li>• Up-to-date and future-focused compliance support</li><li>• Data-driven sales/marketing strategy consultation</li></ul>



## DIFFERENTIATION:

# Why Clean Technique

By 2030, the global talent shortage could reach 85.2 million people—costing companies trillions of dollars in lost economic opportunity (McLaren, 2018).



## THE TEAM

The cannabis industry is particularly susceptible to shortages in high-skilled labor due to its infancy and astounding pace of growth<sup>3</sup>. The shortage is compounded by the lack of willingness of skilled professionals to leave high paying careers in established vertical markets for the relatively uncharted cannabis industry despite its overwhelming potential.

Clean Technique seeks to overcome this challenge by assembling a committed team of proven experts from the financial, pharmaceutical/healthcare and research sectors, increasing the probability of both successfully executing and scaling the business model:

- 30+ years of combined experience with research and development, quality assurance/quality control, manufacturing, regulatory compliance and sales/marketing within the pharmaceutical/life sciences/healthcare industries at Fortune 100 companies affords us access to a wealth of scientific guidance.
- 9+ years of academic research experience in the social sciences with a specialized focus in quantitative methods using advanced data analytical models aids in identifying emerging markets and developing strategies to penetrate them.
- 12+ years of proven financial management experience helps to maintain a robust operational structure.

We are not only business partners, but the closest of friends for 20+ years. Our team dynamic is familiar and compatible. We are aware of each other's strengths and how to synergize them.

## WHERE DOES CLEAN TECHNIQUE FIT IN

We are the most crucial link in the cannabis supply chain, positioned directly at the center and responsible for converting a commodity into a product-differentiated oil, ready to sell to the retail market.

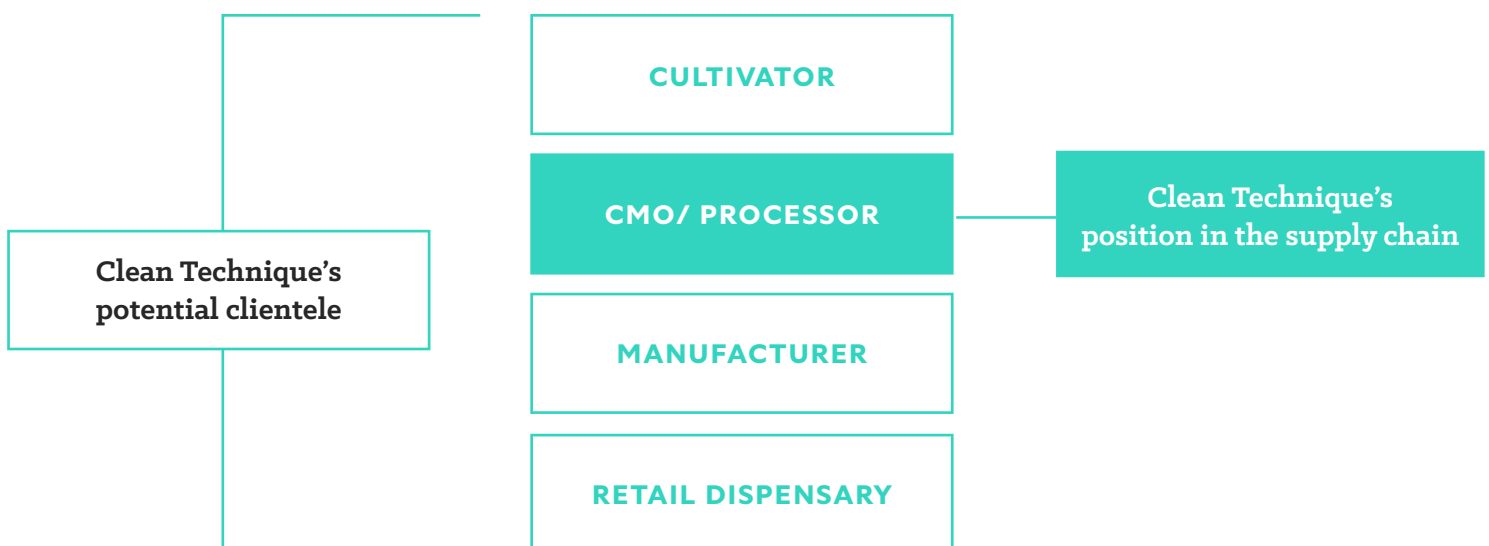


FIGURE 15: Clean Technique Supply Chain, Clean Technique 2019

<sup>3</sup> BETWEEN 2017 AND 2018, CANNABIS JOBS INCREASED 690 PERCENT. CANNABIS INDUSTRY EMPLOYMENT IS PROJECTED TO GROW ANOTHER 220 PERCENT IN 2019 (MCGOVERN, 2019)<sup>3</sup>

## SOURCING & FULFILLMENT

We have identified (and contacted) our sourcing and fulfillment needs in order to become operational and maintain a robust supply chain.

FEATURE	SOURCING	FULFILLMENT	PURPOSE
<b>Kush Bottles</b> (Mary Bumatai)	✓	✓	Cartridges, packaging, CO2
<b>Pax Pods</b>	✓		Cartridges
<b>Compliant Packaging</b> (Todd Bergler)	✓		CR tins
<b>Vitalis</b> (Jason Laronde)		✓	Extraction equipment
<b>ATG Pharma</b> (Chris Sharanewych)		✓	Automated filler
<b>Root Sciences</b> (Cole Clark)		✓	Short path distillation
<b>CapPlus Technologies</b> (John Rohrbough)	✓	✓	Softgel filler
<b>MCR Labs</b> (Michael Kahn)		✓	Analytical testing
<b>Sapphire Risk Advisory Group</b> (Tony Gallo)		✓	Security, logistics
<b>R. Levesque &amp; Associates</b>		✓	Site planning and permitting
<b>Loureiro</b>		✓	Site design
<b>Your Green Contractor</b>		✓	General contracting
<b>Theory Wellness</b> (Brandon Pollock)	✓		Raw material
<b>Commcan</b> (Marc Rosenfeld)	✓		Raw material
<b>INSA</b> (Ian Kelly)	✓		Raw material

FIGURE 16: Clean Technique Sourcing & Fulfillment, Clean Technique 2019

# Competition

## CONFLICT OF INTEREST

Contract manufacturer organizations (CMOs) in the cannabis space are seldom specialized or exclusive, often making a competing self-branded product as well. This is a superficial business model with little vested interest in the success of their client. The vendor-customer relationship can be purely transactional without consideration for longer term value propositions.

## LACK OF EXPERTISE

CMOs who do not have a branded product may offer infrastructure but often lack the consultative guidance, scientific background and experience with internationally recognized quality standards, resulting in compromised quality and safety.

Figure 17 shows 6 competitive CMOs positioned versus Clean Technique based on six features.

COMPANY	PRODUCT					
	cGMP Guided	ISO 9001 2015 Guided	Standard Consultations	Data-Driven Consultation	In-house & Independent Analytical Testing	Sell own competing line of product
Clean Technique	✓	✓	✓	✓	✓	
BAS			✓			
CBx Sciences						✓
Colorado Cannabis Company	✓		✓			✓
Green Dot			✓			✓
Halo Labs			✓			✓
The Lab			✓			✓

FIGURE 17: Clean Technique Competitive at a Glance, Clean Technique 2019

## Process Perfect™

Clean Technique's differentiating quality is rooted in our Process Perfect™ Quality Management System (QMS), a formalized system that documents processes, procedures, and responsibilities for achieving quality policies and objectives. Process Perfect™ is a unique and carefully constructed QMS, converging internationally recognized standards and systematic guidelines with a highly skilled team to create a synergistically enhanced quality model, ensuring a consistently amazing total customer experience<sup>4</sup>.



### QUALITY FIRST

At Clean Technique, our central philosophy is that good quality can only be built into a product. It can't be tested in. Testing only identifies bad products, but cannot create good ones.

Process Perfect™ integrates internationally recognized standards and process frameworks to deliver two critical benefits: consistent product quality and customer satisfaction.

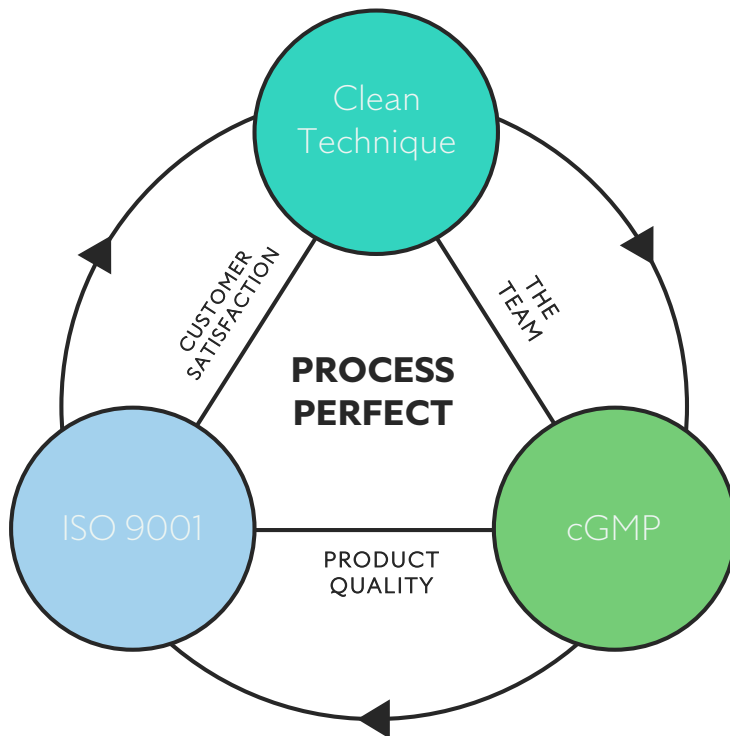


FIGURE 18: Process Perfect™, Clean Technique Proprietary QMS, Clean Technique 2019

### Ultimately, Process Perfect™ ensures that:

- Retailers are more likely to stock the product.
- Customers return to make repeat purchases.
- Perceptions of quality allow for premium pricing.
- Fewer returns and replacements lead to reduced costs and retention of brand reputation.
- A reputation for quality helps attract and retain superior talent

“Companies which implement quality management systems from the onset are proven to be more profitable than companies that attempt to retrofit a QMS later.”

Corredor and Goñi, 2011

We understand a QMS alone does not guarantee success. A QMS is a conceptual collection of systematic guidelines, but a clearly, role-delineated leadership team made up of a qualified group of experts, such as the Clean Technique team, must be in place to create and validate actual processes to ensure effective implementation. Process Perfect™ acknowledges the team is vital to the success of any QMS.

<sup>4</sup>COMPANIES THAT OFFER CONSISTENTLY BEST-IN-CLASS CUSTOMER EXPERIENCES TEND TO GROW FASTER AND MORE PROFITABLY WHILE INCREASING LOYALTY BY 80% (MCKINSEY, JULY 2017).



OUR APPROACH

The Process Perfect™ QMS follows a Prevention, Appraisal, Failure (PAF) framework. Per our central philosophy, we have invested heavily in Cost of Good Quality to deliver on consistent product quality and customer satisfaction.

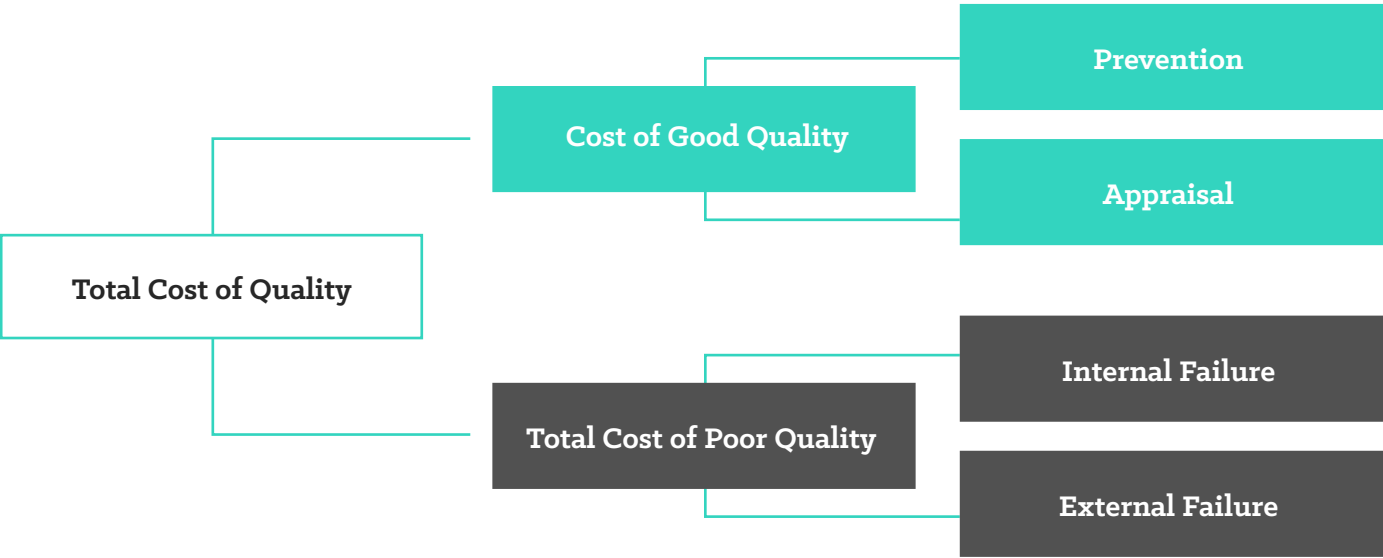


FIGURE 19: PAF Framework

Experts say the COPQ can cost up to 27 times more than investing in the COGQ from the start. Timothy J. Clark, author of Success through Quality, estimates COPQ for an average company at about 20 percent of gross sales (Archambeau, 2004). The takeaway is if one can’t afford to pay for COGQ on the front-end, in all likelihood one can’t afford to pay for the more expensive COPQ on the back-end.

COST OF GOOD QUALITY (COGQ)	COST OF POOR QUALITY (COPQ)
<p><b>Prevention</b>-The most effective way to manage quality costs is to avoid having defects in the first place. It is much less expensive to prevent problems than to find and correct them after they have occurred. This can be viewed as Quality Assurance (QA), the processes which assure quality.</p>	<p><b>Internal Failure</b>-Defects that are found before delivery to external customers and are caused by product or services not conforming to requirements or customer needs. The more effective a company’s appraisal activities, the greater the chance of catching defects internally.</p>
<p><b>Appraisal</b>-Appraisal costs, sometimes called inspection costs are costs related to evaluating quality levels in all stages of production. This can be viewed as Quality Control (QC), the tests which measure the effectiveness of QA.</p>	<p><b>External Failure</b>-When a defective product or service is delivered to a customer because the defect was not caught before shipping (internal failure). A decision was made to ship defective product or goods were not adequately tested prior to shipping.</p>

FIGURE 20: PAF Framework Table

“Companies who have a QMS but who don’t use a PAF concept to supplement it are less successful in reducing quality costs and improving quality for their customers as compared to those with both [QMS and PAF] in place.”

–Schiffauerova & Thomson, 2006

OUR APPROACH

The FDA created Current Good Manufacturing Practices (cGMP) and uses it as the standard for ensuring responsible manufacturing practices to protect consumer safety. Clean Technique is guided by cGMP, specifically the SPUE initiative which is designated for pharmaceutical products. SPUE (or Safe, Pure, Uniform, Effective) outlines goals for the manufacturing of chemicals that need to be of the highest purity, free from contamination, and uniform from batch to batch due to the fact it is impossible to test every single unit entering the consumer market. (See appendix page 40 for complete SPUE model)

“

According to California’s Bureau of Cannabis Control (BCC) 32.9% of edibles, tinctures and lotions samples failed laboratory analysis. In correlation, 20.4% of concentrates and 10.6% of cannabis flower samples didn’t make the grade.

”

–Marijuana Business Daily, September 2018

CONSISTENT CUSTOMER SATISFACTION

ISO 9001:2015 is a standard that sets out the requirements for a QMS. It focuses on ensuring customer satisfaction by systematic identification of customer requirements and striving to exceed them. This is accomplished by defining organizational roles and responsibilities and then setting up policies, processes and procedures to achieve quality in all core business areas (not just manufacturing) and constantly measuring their effectiveness to ensure continuous improvement and optimal efficiency. All of the organization’s operational processes are created and managed as an integrated system where the results of each process are evaluated to determine their potential impact on processes downstream.

RISKED-BASED THINKING MODEL	
1	Decide how risk (positive or negative) is addressed in system to improve process outputs and prevent undesirable results
2	Define the extent of process planning and control needed per risk
3	Maintain and manage a system that inherently addresses risks and meets objectives

FIGURE 21: Risk-Based Thinking Model, Clean Technique 2019

In order to ensure we effectively address the requirements of ISO 9001:2015, we will maintain a risk-based thinking model. This model will ensure we maintain a proactive approach to managing and improving an effective QMS.

We have also established a Plan-Do-Check-Act (PDCA) protocol for managing existing and future risks. PDCA will be an active cycle resulting in: (See appendix page 41 for complete PDCA model)

- Prioritized focus on high-risk processes and their outputs
  - Improved understanding, definition and integration of interdependent processes
  - Systematic management of planning, implementation, checks and improvement of processes and the management system as a whole
  - Better use of resources and increased accountability help to optimize workflow efficiency and reduce bottlenecks
- More consistent achievement of the policies and objectives, intended results and overall performance
  - Enhanced customer satisfaction by filling customer requirements and providing a product of exceptional quality through an emphasis on manufacturing standards
  - Qualified leadership team with defined roles and enhanced confidence in the organization

## HOW IT ALL WORKS TOGETHER

The philosophy of our proprietary QMS, Process Perfect™, is derived from the Prevention, Appraisal, Failure (PAF) framework. The PAF framework leads Process Perfect™ to utilize two of the most internationally recognized quality standards, cGMP and ISO 9001:2015, and transfers them to the cannabis platform, ultimately identifying and mitigating risks, reducing costs, and increasing overall efficiency. Aspects of both quality standards are necessary as cGMP focuses on product quality while ISO 9001:2015 focuses on ensuring customer satisfaction, which are both crucial to capturing and maintaining market share.

Below is a snapshot of the complete Clean Technique Manufacturing Process Map and a breakdown of an individual process step applying Process Perfect™, both of which demonstrate how thorough we have calculated and designed our QMS.

Each step of our process map below will have characteristics from ISO 9001:2015 and cGMP built into them, mainly SOPs, work instructions, and documentation, which collectively foster routine risk assessment and mitigation.

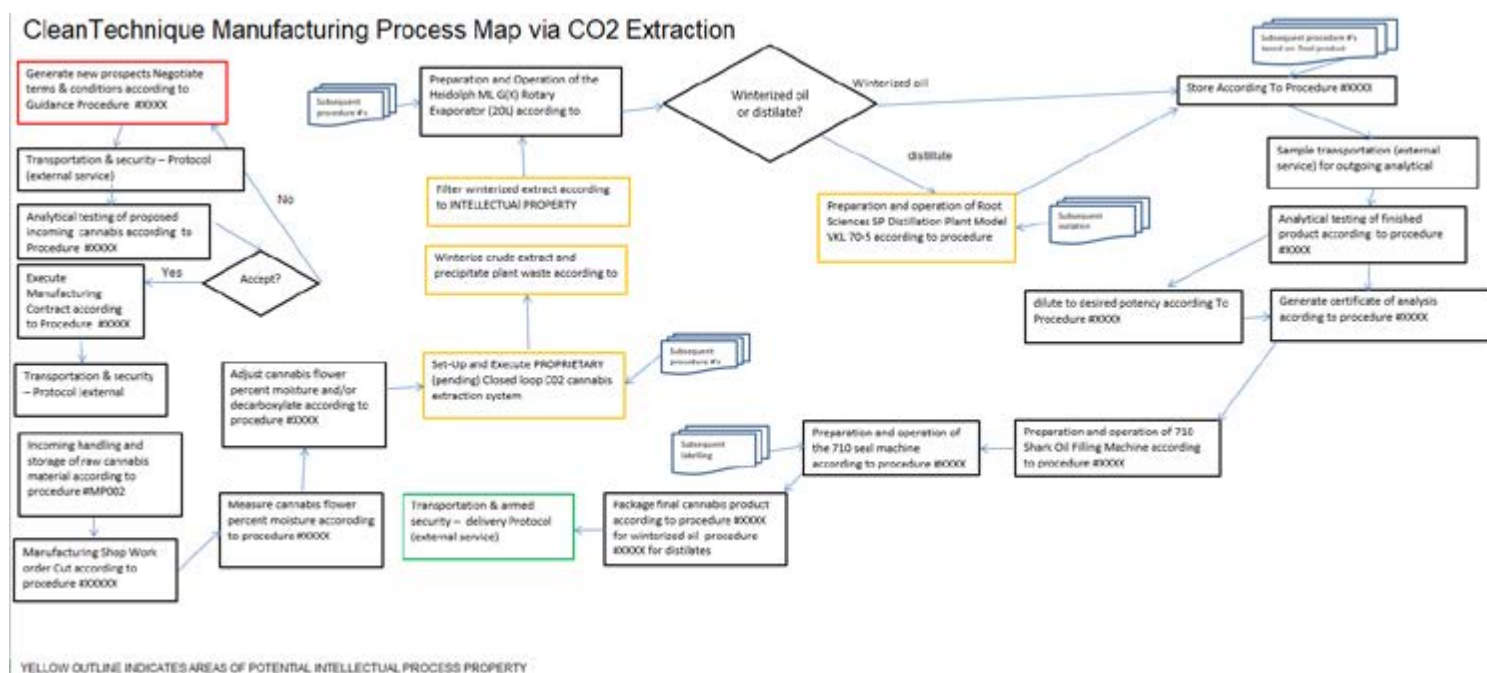


FIGURE 22: Clean Technique Manufacturing Process Map, Clean Technique 2019

## THE OVERALL PROCESS MAP IS MADE UP OF INDIVIDUAL PROCESS STEPS

Figure 20: Snapshot of a individual Clean Technique process step (Intake of client raw material)

Step	Risk	Mitigation	Mitigation Measuring System(s)	Failure Mode	KEY BENEFITS	
Incoming handling and storage of raw cannabis material according to procedure #MP002 (#6)	Issues with chain of Custody/Handling of Cannabis Material	SOP designed so the handling of raw materials will be subjected to the same level of quality management as a clinical diagnostic laboratory	Documentation of initial and re-training of personnel to ensure compliance to the incoming handling process	Mis-labeled container of Cannabis material	<p>Have completed several virtual GEMRA walks to ensure a process controls are in place for every potential risk factor identified.</p> <p>(O Ms)</p> <ul style="list-style-type: none"> <li>- Man</li> <li>- Machine</li> <li>- Method</li> <li>- Material</li> <li>- Measurement</li> <li>- Mother Nature</li> </ul>	<p>SOP designed so the handling of raw materials will be subjected to the same level of quality management as a clinical diagnostic laboratory.</p> <p>Witnessing and auditing of all forms and SOP's as associated with this process step.</p> <p>Observed multiple unlabeled bag of cannabis raw material inside a customer tour area</p>
	Mishandling of Cannabis flower	Isolation of raw material within designated clean room bags	Documented within Contract terms	<p>Lack of diligence/attention to detail by personnel</p> <p>Mis-labeled Cannabis container</p>		
	Weight Discrepancy	Weight confirmation at both collection and receipt sites	Documentation of weight agreement confirmation			
	Improper storage temperature and humidity	Constant digital monitoring of storage temperature and relative humidity with alarms and installed back-up support systems	Production of weekly/monthly logs of measured temperature and humidity values versus their acceptable operating limits (similar to Levy Jennings chart) Scheduled review/audit of manual log records	Mechanical failure of thermal/humidity sub-system(s)		
	Inability to access stored cannabis flower	Manual override of digital security systems	Documented validation of manual entry	Digital entry system failure		
	Incoming mis-labelling risk already mitigated?	Incoming labelling conformance acceptance criteria (earlier process step)	Periodic retraining on labelling conformance protocols with evaluation step	Mis-matched accession #'s on incoming material versus invoice		

FIGURE 23: Clean Technique Snapshot Table, Clean Technique 2019

# Technology

Now that we've established the intricacies of Process Perfect, it is important to detail the rationale behind our choices of technology



## OUR EXTRACTION & REFINEMENT SYSTEM

We have carefully chosen mechanical rosin presses and benchtop Carbon Dioxide (CO<sub>2</sub>) extraction systems providing comprehensive post-processing capability through rotary evaporation and short path distillation for these valuable reasons:

1. Lower capital barrier to entry but offers a clear path to scalability
2. Industrial rosin presses and supercritical CO<sub>2</sub> extraction are scalable processes which allow us to have a phased approach to growth without overspending and changing core processes. They offer a dynamic, flexible ability to quickly scale up modularly, reducing risk of idle downtime or inadequate production capacity.
3. Industrial rosin presses are solvent-less and have lower overhead costs.
4. CO<sub>2</sub> is an inert solvent and has already been proven safe in the food industry.
5. CO<sub>2</sub> offers the ability to fractionate collection, isolating terpenes and cannabinoids for a more refined, customizable product.
6. CO<sub>2</sub> offers standardization of raw material for use as a base of oil-infused products, ensuring reproducibility in terms of dosing, efficacy, and safety.
7. Rosin press and CO<sub>2</sub> are safer than hydrocarbon extraction and less regulated.
8. Alcohol extraction is less selective and solvent cost is prohibitive.
9. Rotary evaporation offers a first tier of refinement for customers seeking a higher purity product.
10. Short path distillation offers the highest level of refinement for customers seeking the highest purity product as it can separate molecules based on boiling points.
11. Short path distillation allows us to make the most concentrated and pure standardized starting base and enabling us to offer the branding value of being premium distillate-based.

## IN-HOUSE ANALYTICS

Clean Technique will strive to supplement independent third-party testing with in-house analytical testing to supply secondary validation of effective QA/QC protocols if financially feasible, through:

**Spectrophotometric analysis:** Spectrophotometry is a method to measure how much a chemical substance absorbs light by measuring the intensity of light as a beam of light passes through sample solution. The basic principle is that each compound absorbs or transmits light over a certain range of wavelength. This measurement can also be used to measure the amount of a known chemical substance. Spectrophotometry is one of the most useful methods of quantitative analysis in various fields such as chemistry, physics, biochemistry, material and chemical engineering and clinical applications.

**Chromatography:** The separation of a mixture by passing it in solution or suspension or as a vapor (as in gas chromatography) through a medium in which the components move at different rates. This aids in isolation and identification of cannabinoids, terpenes and other compounds of interest.

**Immunoassays:** Immunoassays are quick and accurate tests that can be used on-site and in the laboratory to detect specific molecules. Immunoassays rely on the inherent ability of an antibody to bind to the specific structure of a molecule. They provide a quick and economical method to identify the presence of contaminants.

**Quantitative Polymerase Chain Reaction (qPCR):** Polymerase Chain Reaction (PCR) is a powerful research tool for molecular biology laboratories with many different applications. PCR is most commonly associated with the traditional end-point method used to amplify DNA or RNA fragments or detect nucleic acid sequences in a sample. qPCR provides indisputable evidence of the presence of mycotoxins and other harmful substances.

FIGURE 24: Vitalis F-45-s CO<sub>2</sub> Extraction System

FIGURE 25: Root Sciences Shot-Path Distillation Plank VKL 70-5



FIGURE 26: Heidolph Rotary Evaporator

In addition to laboratory-specific technology, we will utilize the following software programs to ensure we track and assess our processes for continual improvement on both the front- and back-end, as mandated by our QMS. These software allow us to measure and analyze internal sales and marketing performance support, manufacturing processes, and external factors that influence our business.

**STATA Statistical Software:** Quantitative data analysis software allows us to run regression models (and other techniques) on internal factors, such as our extraction/refinement parameters; it also allows us to manage and analyze external data we collect from the MA market.

**NVIVO Data Analysis Software:** Qualitative data analysis software allows us to analyze data we collect from our clients via our intake questionnaire, and triangulate findings to provide more profound insight; it also allows us to collaborate with our data analytics strategic partner to conduct and analyze data from surveys with open-ended consumer responses.

**CRM Software:** Customer Relationship Management software allows us to manage multiple customer-related business processes, including business contacts, employees, clients, sales leads, opportunities, wins and losses, reasons for wins/losses, quality cases and much more, thus aiding in generating Key Performance Indicators (KPI).

## INTELLECTUAL PROPERTY

Our scientific team has experience in the development and marketing of intellectual property. Process Perfect™ is our lead proprietary methodology.

Additionally we are qualifying methods for:

**Boosting post-processing efficiency significantly over industry standards:** This will be our proprietary post process winterization method which will attain high yields and has the potential to decrease industry standard winterization times by more than 3X using a progressive rate temperature and filtration control system.

**Pesticide removal:** Using analytical chromatography methods, we will isolate and remove residual pesticides, potentially giving us the ability to remediate contaminated cannabis.

**Water-soluble cannabinoids:** Using micro or nanoemulsion technology, we will convert cannabis oil to a water soluble powder. This has potential to greatly reduce the inconsistency in cannabis infused products, particularly infused edibles, which have the highest compliance failure rates.

**Cannabinoid/Terpene Characterization & Stability Studies:** Create a process by which the compounds of cannabis's structure and properties are probed and measured through techniques such as mechanical testing, thermal analysis and density calculation to characterize them and ensure retail products arrive at the consumer in the intended state and concentration to accomplish the claimed effect.

**Creation of proprietary database:** Joint data collection and analysis via third-party collaboration with prominent data analytics firm to generate proprietary datasets focusing not only on quantitative (who and what) but also qualitative (why) data to discover the true drivers behind market trends and predict market direction.



# Oil as a Service

## CANNABIS OIL PRODUCTS

Process Perfect™ grade cannabis oil is available in two different products:

<b>WHOLESALE BULK REFINED OIL</b> We offer base ingredient cannabis oil for infused product manufacturers	For oil-based product manufacturers
<b>WHITE LABEL OIL-BASED VAPE CARTRIDGES</b> Non-combustible vapor (non-smoking)	For companies needing a retail-ready vape product

### REFINEMENT LEVELS AVAILABLE FOR BULK OIL AND WHITE LABEL CARTRIDGES

<b>WINTERIZED OIL (REFINED)</b>	Crude cannabis oil after it passes through one stage of purification, removing wax, lipids and other excess materials
<b>DISTILLATE OIL (HIGHLY-REFINED)</b>	Winterized oil passed through another stage of purification using short path distillation with the ability to isolate specific cannabinoids

Our approach to bulk oil and cartridge production is valuable because:

1. Process Perfect™ provides science-based methods for consistent high quality
2. Distillate is void of flavor, allowing customization for brand differentiation
3. Cartridges are the most desired concentrate form and has the potential to hold its value over time opposed to shatter/wax<sup>5</sup>
4. Cartridges are the ultimate in quality, convenience and discretion in concentrate form. Consumers prefer products which fit their lifestyle<sup>6</sup>. They will potentially pay more overall for quality, convenience and discretion.



0.5ml & 1.2mm Glass Cartridge

FIGURE 27: Kush Bottles



FIGURE 28: Pax Vape Pod

<sup>5</sup>WESTWORLD. 2017. RETRIEVED FROM: [HTTPS://WWW.WESTWORD.COM/MARIJUANA/CALIFORNIA-POT-TRENDS-ALREADY-RESEMBLING-COLORADOS-RETAIL-MARKET-9515103](https://www.westworld.com/marijuana/california-pot-trends-already-resembling-colorados-retail-market-9515103)

<sup>6</sup>BDS ANALYTICS. 2018. RETRIEVED FROM: [HTTPS://BDSANALYTICS.COM/BDS-ANALYTICS-TOP-10-CANNABIS-MARKET-TRENDS-2018/](https://bdsanalytics.com/bds-analytics-top-10-cannabis-market-trends-2018/)

## DATA-DRIVEN CONSULTING SERVICES

Navigating the dynamic environment of the cannabis industry is difficult, especially if one lacks the resources to keep pace with shifting trends and emerging regulations. We offer unique, data-driven consultation in three critical areas using proprietary data triangulation methods:

1. **Product Development:** Based on the desired purpose of the product and target demographic, we evaluate potential features, benefits and risks associated with our clients' vision. Upon evaluation, we can map several pathways to success specific to client goals.
2. **Compliance conformance:** We will help our clients understand and plan for implementation of new regulatory mandates or policies to ensure they are protected in the present and future.
3. **Sales and Marketing Strategies:** We offer comprehensive sales and marketing consultation derived from data analysis of market trends to help identify existing and emerging opportunities, aid in strengthening our clients' brands, and provide field support to facilitate retail placement of customized products where/when applicable.

## END-TO-END ENTERPRISE SOLUTION

In such a young and rapidly growing industry, there is tremendous value in having an end-to-end enterprise solution that reduces the financial and technical expertise burden for emerging companies. Our enterprise solution service model integrates businesses processes spanning oil extraction to retail-ready products, including:

- Sourcing
- Logistics
- Extraction/refinement
- Testing
- Packaging
- Product development consultation
- Sales and marketing consultation
- Regulatory compliance consultation

As the top driver of consumers following through on an intended purchase, buying the product repeatedly, and recommending it to others is 'decision simplicity' - the ease with which consumers can gather trustworthy information about a product to confidently and efficiently weigh their purchase options. The easier a brand makes the purchase-decision journey, the higher its decision-simplicity score<sup>7</sup>. Similarly, reducing customers' effort—the work they must do to get their problem solved—increases their loyalty<sup>8</sup>. Our enterprise solution model reduces complexity for our clients and solves their problems with minimal effort on their part.

## PACKAGING

We are a premium brand which stresses quality above all else, but most importantly, form must fit function.

- Only 0.5ml or less for cartridges to capitalize on smaller unit size benefits
- Extracted product in bulk will be delivered in glass or stable plastic polymer containers at least to food grade standards. Extract is only as clean as the medium in which it is stored.
- Although the customer has the final say, we will always recommend higher end glass cartridges or vape pods, 0.5 ml cartridge size for more refined concentrates where flavor is crucial. Plastic tends to impart a bad taste when heated for more viscous concentrates.
- Ensure compliance with Commonwealth of Massachusetts Regulations (CMR) at a minimum for labeling of all cannabis products.

<sup>7</sup> SPENNER & FREEMAN (2012) IN THE HARVARD BUSINESS REVIEW, IN THEIR RESEARCH INVOLVING OVER 7,000 CONSUMERS AND HUNDREDS OF MARKETING EXECUTIVES  
<sup>8</sup> DIXON, FREEMAN, & TOMAN (2010) IN THE HARVARD BUSINESS REVIEW, REPORTING RESEARCH OF 75,000 CONSUMERS ON THEIR CUSTOMER SERVICE EXPERIENCES



# Overview

Our overarching sales/marketing strategy emphasizes client quality over quantity, targeting select key accounts based on strategic compatibility and potential for growth and sustainability. We strive to secure long-term, contractually obligated clients who are positioned for long-term growth versus short-term transactional partners.



## TARGET MARKET

**Demand for Clean Technique:** We believe the impressive growth of the concentrates/edibles market will drive demand for Clean Technique's services. Concentrate/edibles are gaining market share over flower at a rapid pace as consumers look for healthier and more discreet ways to dose<sup>9</sup>. Consumer preference will shift to concentrates/edibles for vaping or oral consumption. This has been proven by more mature cannabis markets<sup>10</sup>.

The current cannabis market is comprised of over 60,000 cannabis companies in North America alone with four main markets, three of which represent our intended clientele:

TARGET MARKET	TOTAL AVAILABLE MARKET (TAM)	SEGMENTED ADDRESSABLE MARKET (SAM)	SHARE OF MARKET (SOM)
Cultivator	✓	✓	✓
Manufacturer	✓	✓	✓
Retail Dispensary	✓	✓	✓
Vertically Integrated	✓	✓	✓

FIGURE 29: Clean Technique Target Market Table, Clean Technique 2019

## INSIGHT

Normally, the SOM can only feasibly capture a portion of the overall TAM. Due to Clean Technique's position within the supply chain and the fragmentation of the cannabis industry, it is currently feasible to capture business within the TAM.

Current potential Share of Market in Massachusetts continues to grow:

CURRENT # OF CULTIVATOR APPLICANTS IN MASSACHUSETTS	CURRENT # OF MANUFACTURE APPLICANTS IN MASSACHUSETTS	CURRENT # OF RETAIL DISPENSARY APPLICANTS IN MASSACHUSETTS
72	40	98

\*APPLICANTS AS OF 12/13/18, DATA PROVIDED BY THE MASSACHUSETTS CANNABIS CONTROL COMMISSION

<sup>9</sup> BDS ANALYTICS. 2018. RETRIEVED FROM: [HTTPS://BDSANALYTICS.COM/FLOWER-WHERE-HAVE-YOU-GONE/](https://bdsanalytics.com/flower-where-have-you-gone/)

<sup>10</sup> BDS ANALYTICS. 2018. RETRIEVED FROM: [HTTPS://BDSANALYTICS.COM/WHATS-HOT-IN-POT-RETAIL-2018/](https://bdsanalytics.com/whats-hot-in-pot-retail-2018/)

Our service can add value to any individual segment or combination of segments of the supply chain, which seek the highest quality in oils but do not have the internal resources to achieve it both within Massachusetts and national companies looking to expand into Massachusetts.

Strategically prioritizing our target clientele will allow us to focus on our white label vape cartridge service, a high margin, comprehensive end-to-end service solution. The white label cartridge model allows us to directly drive sales and marketing efforts, while fully vesting our client in our service model. Our bulk oil royalty model has similar lucrative margins to white label vape cartridges but also entail a more complex sales/negotiation strategy. Extraction and refinement only services (toll processing) offer the lowest rate of return and serve as a springboard into our more strategically-vested relationships

Prospective target customers have:

- **a surplus of cannabis flower (custom extraction and refinement)**
- **a need for oil as an ingredient for infused products (bulk oil)**
- **a need for a retail-ready product (white label)**
- **a need for compliance and market guidance (data-driven consultation)**

Below is a prospective customer scenario that demonstrates how our value proposition can be realized.

#### **Oil-infused Product Manufacturer Scenario:**

An oil-infused manufacturer plays an important role in the future of cannabis. Its ability to process raw cannabis and extract the most desirable compounds, is a vital capability to possess in order to be a long-term player in the industry. All the mature cannabis markets show a shift towards concentrates/oil-infused products, taking large chunks of market share away from flower every year. It is indeed a more refined and consistent delivery system which offers a healthier delivery method, discretion and controlled dosages, resulting in reproducible experiences. However, just like any other industry, manufacturers carry a risk. Since they are the middle link of the supply chain, it takes well-laid out operational processes to ensure an efficient, uninterrupted workflow, as they directly affect and can be affected by cultivators and retailers alike.

They can be held accountable for conditions not directly created by them:

- Cultivator has no raw material
  - >no flower to extract-->no concentrate for edibles
  - > no product for dispensaries' shelves
  - >dispensary blames manufacturer for backorder
- Retail dispensary not moving product
  - >manufacturer can't move inventory
  - >cultivator can't move inventory
- Manufacturer signs standing order with cultivator for large quantities
  - >manufacturer underestimates resources
  - >surplus inventory of flower builds
  - >can't produce promised amount to retail dispensary
  - >retail dispensary finds new supplier of concentrates
  - >manufacturer stuck with surplus inventory
  - >manufacturer violates standing order terms

Company C envisioned an edible candy which would be delicious and discreet. Its founders came from culinary backgrounds and previously successfully branded and sold baked goods and confections so they were confident they could do the same in the lucrative cannabis market. They needed to get up and running as soon as possible so they could go to market and capture market share before the landscape became more competitive.

#### **INSIGHT**

It is often more logical to segregate the production of cannabis oils from the production of the edible to mitigate risks. This allows for specialization in each, resulting in a more efficient, risk-averse workflow that produces high quality products more consistently.

Their investors believed in their ability as well and promised further funding if they could deliver on their proof of concept (POC). They hadn't raised as much money as they would have liked and were intimidated by the technical and capital intensive extraction side of the business. As they dug deeper, they discovered regulatory compliance was getting stricter and there were extensive protocols to ensure quality in a cannabis oil production operation, including buildout requirements, scientific process validations and collection/evaluation of key metrics. Their backgrounds were in the kitchen, and learning a new trade seemed time consuming and expensive, increasing their overall risk. However, without a reliable source of high-quality, compliant cannabis oil, their ability to advance their business became stagnant.

- Clean Technique (CT) offers Company C an opportunity to advance their business by freeing up capital, fulfilling their oil needs, offering piece of mind in terms of compliance, and ultimately allowing them to focus on growing their brand.
- CT focuses on strategic partnerships opposed to impersonal transactions. This is why CT prefers to exchange industry leading bulk oil for future royalties. This approach vests CT in Company C's success. Company C can pay CT on the back end to increase cash flow on the front end ensuring they have the necessary capital to properly brand, promote and gain market share. Working as a team, CT and Company C invest in a longer term, sustainable future together.

## MARKETING STRATEGY

Clean Technique's marketing invests heavily in a blue ocean strategy, which pushes companies to create new industries and break away from the competition. Blue oceans are where a market space is new and uncontested, and strategy centers around value innovation. A blue ocean is created by focusing on the factors that customers really care about, while discarding factors they don't. When focus shifts to what customers actually find value in it attracts a new type of customer the industry hadn't previously supported, organically growing the market.

Many companies in the cannabis space operate using a red ocean strategy. Red oceans are where the majority of the competitive "sharks" operate and the water is bloody from all the fierce battles. The strategy centers around beating rivals, and wins are often zero-sum.

A key to the blue ocean strategy is to ask how your business model eliminates and reduces factors existing currently in the industry which over serve the customer, forcing them to pay more for unnecessary features. It is also important to raise the industry standard for under served features and create additional offerings which are nonexistent therefore increasing value for the customer.

ELIMINATE	REDUCE	RAISE	CREATE
<ul style="list-style-type: none"> <li>• Large portfolio of product offerings</li> <li>• Variation in processes</li> <li>• Vague definitions of quality</li> </ul>	<ul style="list-style-type: none"> <li>• Cannabis culture-centric focus</li> <li>• Reliance on testing for compliance</li> <li>• Transactional relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Quality standards</li> <li>• Awareness of emerging markets</li> <li>• Scientific support</li> <li>• Strategic partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Specialization</li> <li>• Emphasis on preventative manufacturing standards</li> <li>• Transparency/Accountability</li> <li>• Enterprise solution</li> </ul>

**AWARENESS, ENGAGEMENT & CONVERSION**

The key to selling our service is to educate our prospective clients on the importance of high quality and how our QMS, Process Perfect, delivers it consistently. Process Perfect mitigates our clients’ risks and maximizes resources while creating an efficient workflow, and ultimately preserves revenue without sacrificing product quality and safety.

Our lean manufacturing processes are specialized to protect the integrity of our clients’ products. Through specialization, we optimize our production processes to focus on the two top performing oil-based products, edibles and vape cartridges. This eliminates variation in workflows and simplifies production from a training and maintenance perspective, allowing Clean Technique to master a specific skill set versus being only proficient in many. Quality is left to the experts, Clean Technique, while the client can focus on growing its brand.

**INSTANT DIFFERENTIATION**

Process Perfect is a validation of high quality for any brand. Our prospective clients need to be aware that quality is an instant product differentiator in a cannabis industry saturated with ‘me too’ brands. As the millennial generation becomes poised to take over as the top consumer of premium goods, it is important for brands to have a targeted effort to capture this critical segment. Globally, over 40% of millennials cite quality as the number one reason they are willing to pay more for a premium brand (Deloitte, 2017).

Process Perfect offers a QMS which is unparalleled in the cannabis sector and results in Gaining, Retaining, Maintaining, Sustaining (GRMS) market share, as explained in Figure 30. GRMS quickly summarizes our value proposition to our clients and allows them to easily remember and promote our philosophy that quality directly equates to profit.



FIGURE 30: GRMS through Process Perfect

## MARKETING TACTICS

**Trade Shows:** Trade Shows allow us to network with all the important players in the cannabis industry concentrated into one locale. We will maximize these opportunities to market ourselves and make connections, through formal presentations to educate the industry of the value of our expertise (quality, science, data analytics). We have attended major conferences such as NCIA in Oakland and San Jose as well as MJ Biz in Washington DC. Larger trade shows are becoming expensive, crowded and less effective as a networking tool. We will still attend the major trade shows but will focus on smaller, more intimate and geographically proximal conferences where solid networking is more accessible, specifically those hosted by NECANN in Massachusetts. We were 1 of 6 business presenters chosen to present at NECANN on June 22, 2019.

<https://www.necann.com/springfield/programming/>

**Social Media:** Almost every single prospective client will be on IG, FB, SC, Twitter since their livelihood depends on connection with the masses. This provides easy access to leads, partnerships and communication for free. The ability to make contacts is exponential since we are subsequently connected to everybody else's contacts as well. Effectiveness is easily measured by metrics such as likes, friends, connections, comments, tags. We will proactively friend and follow all legitimate cannabis related accounts in the US and Canada. Our main goal is content marketing to assert our expertise in the realms of quality, science and data analytics.

**Company Website:** Our website will be a comprehensive source for company information and content marketing. Website-effectiveness measured by traffic to the site and number of inquiries coming via website, emails obtained, views of our educational YouTube videos, and shares of our authored articles.

**Industry Related and General Publications:** Our main goal with publications is content marketing. Using academic-style papers we intend to assert our expertise in the realms of quality, science and data analytics. We are currently focused on two cannabis industry publications, Marijuana Ventures and Terpenes and Testing. We have a published article in Marijuana Ventures and are working on an article to submit to Terpenes and Testing.

<https://www.marijuanaventure.com/quality-control-the-value-of-standards/>

**Public Information:** The applicants for prospective cannabis licensees are public knowledge. We will regularly monitor the status of license applicants and contact them appropriately to raise their awareness of Clean Technique and our considerable value proposition to the supply chain.

## PUBLIC RELATIONS

The ability to become relevant to the industry by filling a much-needed gap can greatly aid in establishing a voice in the industry. We believe education of not only our clients but the general public as well, is paramount to the company's success. The development of trust between the cannabis industry and the general public is crucial to the acceptance of cannabis. We want to be champions of this agenda through the following avenues:

- Outreach and community events with our municipality. Specifically leveraging background and professional network in social and hard sciences to facilitate access to a STEM program for our host municipality's youth and beyond, promotes unity and understanding.
- Contributing resources to an education-based NGO in Springfield, Massachusetts to help serve both the state's "Areas of Disproportionate Impact" (Cannabis Control Commission) and the greater area surrounding our host community in Westfield, Massachusetts.
- Sharing our company vision and values through social media both industry specific and general to contribute to the voice of the industry to help move it forward and legitimize it by emphasizing the importance of responsible manufacturing and safe product consumption. Education helps consumers to evaluate the potential benefits and risks associated with cannabis so they can make informed decisions to incorporate cannabis into their lifestyle in a positive way.
- Contact professionals from our networks in the life sciences/healthcare industry to increase visibility of opportunities in cannabis to these professionals, such as R&D scientists, regulatory experts and technical specialists. Attracting talent from other established vertical markets to the cannabis space will fuel innovation, progression and industry validation, making products safer and more versatile.
- Initially, we will deal with Public Relations internally and will fall under the responsibilities of the Sales and Marketing team. If demand necessitates it, we will hire a third party Public Relations firm.

## CONTENT MARKETING

Our content marketing strategy will be employed through our website, social media, seminars and academic-style publications.

QUALITY	SCIENCE	DATA ANALYTICS
Educate the industry about how to ensure and manage quality through a comprehensive QMS to help educate the industry and consumer on the fundamentals of how quality is crucial to safety and customer experience.	Educate the industry on the role of science in terms of progressing an industry through innovative R&D, logic-based methods, and how it currently is involved in helping make the world a safer and healthier place.	Educate the industry about how data analytics plays a valuable role in business development to identify trends and penetrate emerging markets to stay ahead of competitors in the business world.

Our goal with content marketing is to establish ourselves as the industry experts in regard to quality, science, and data analytics, which ultimately facilitates an unparalleled level of consultation. We also want to leverage good content in general to increase traffic to our social channels and website, driving meaningful engagement that fosters loyalty and credibility, thus creating active Clean Technique advocates and opportunities to cross promote.

## MARKET INTELLIGENCE

Traditional data analytics companies invest heavily into software, hardware, and human resources, and we consider these companies to be front-end heavy; conversely, we use data from at least two such cannabis-focused analytics companies and combine it with other data from vertical markets to be analyzed on the back-end, specifically through the method of data triangulation. This allows us to validate findings from the cannabis industry through multiple sources, and then widen the scope of understanding by comparing findings to those from established vertical market, with the goal being to explain more fully the richness and complexity of human behavior by studying it from more than one standpoint. Our proprietary data-driven, consultative dimension is part of Process Perfect, distinguishing us and playing a significant role in how we will engage and empower prospective clients, ultimately providing them with a competitive advantage. In order to provide our clients with effective consultation, we approach data with two distinct goals:

- Identify and analyze Quantitative Data (Who, What, When, Where)
- Identify and analyze Qualitative Data (Why, How)

Quantitative data is more empirical and is most often reflected in Point of Sale (POS) metrics. This type of data often provides empirical numbers on who purchased what (e.g 60% of lotions were purchased by women). This is relevant and useful for identifying market trends, among other strengths of quantitative data. However, we believe the analysis of quantitative data must also be complemented by the collection and analysis of qualitative data. Qualitative data is often considered “lived” data and is crucial to answering why a particular demographic purchases a particular product, often based on lifestyle factors, attitudes and beliefs. This type of data requires advanced critical thinking and can be complex to collect and analyze because it is more abstract than collecting quantitative data such as POS data. Collection of qualitative data is achieved through observation, interviews, focus groups, and surveying. Critical thinking facilitates the detection of relevant data which may indicate a trend when observing cases, and it improves the ability to generate relevant questions to ask when researching a target demographic for a qualitative, quantitative, or mixed-methods study.

Both quantitative and qualitative data collection and analysis are crucial for market intelligence<sup>11</sup>. “The real power of market intelligence is the data that can be collected and analyzed specifically for the purpose of making confident, progressive business decisions based on market development and market entry opportunities” (British Library: Business & IP Centre, 2018).

<sup>11</sup> FURTHER DETAILS OF MARKET INTELLIGENCE RESEARCH ARE EXPLAINED IN THE APPENDIX; THESE STUDIES CAN BE USED IN OUR COLLABORATIONS WITH STRATEGIC PARTNERS (CLIENTS AND THIRD-PARTIES).

Our attention to market intelligence is reinforced by our strategic partnership with market leaders in data analytics in the cannabis sector who share our mixed research methods approach. We will leverage these relationships to grow our access to market trends and conditions, and increase our brand visibility through their established networks, both of which transfer to our clients. We will also offer field sales assistance to our clients and their retail customers to aid in conveying the benefits of a scientifically responsible production environment and how this manifests into a premium product.

Collectively, our consultation services offer our clients a personalized experience tailored to their vision and their target demographic. This will be summarized in a strategic report<sup>12</sup> customized to each client and will provide context and potential opportunities to grow market share. Personalized experiences play an important role in today's marketplace, leading to significantly increased revenue and customer loyalty. Eighty percent of consumers are more likely to make a purchase when brands offer personalized experiences<sup>13</sup>. Further, a survey<sup>14</sup> conducted by Segment, a data analytics firm, found:

- **Personalization leads to increased revenue:** This is the big win for the company willing to make an effort to personalize the customer's experience. Forty percent of U.S. consumers say they have purchased something more expensive than they planned to because of personalized service.
- **Personalization leads to loyalty:** This is the "Holy Grail" of personalization. Forty-four percent of consumers say they will likely repeat after a personalized shopping experience.

The opportunity in the retail industry is huge. According to eMarketer, total retail sales will hit \$5.68 trillion by 2021. And, Accenture predicts that there is a \$2.95 trillion prize for companies that integrate a smart digital strategy to personalize customers' experiences. This is a crucial link as Clean Technique's clients' products are sold on the retail market.

## POSITIONING

**Competitor positioning:** Most competitors are positioning themselves as the foremost experts with the highest quality standards. Some competitors also claim to supplement their extraction services with comprehensive consultation services.

**Clean Technique positioning statement:** "For the cannabis business trying to build or scale their manufacturing capabilities, Clean Technique offers our existing infrastructure built around ISO 9001:2015 and cGMP standards, supported by data-driven consultation, to transform your raw material into unique high quality, market-ready vape cartridges or bulk refined oil ready to be infused into any self-branded product. Don't spread yourself thin. Allocate resources to your true passion, growing your brand. We do it right, so you don't have to."

<sup>12</sup> A SAMPLE CLIENT QUESTIONNAIRE AND REPORT BASED ON OUR OIL-INFUSED MANUFACTURER SCENARIO IS INCLUDED IN THE APPENDIX

<sup>13</sup> EPSILON (JANUARY, 2018). RETRIEVED FROM: [HTTPS://HBR.ORG/2010/07/STOP-TRYING-TO-DELIGHT-YOUR-CUSTOMERS](https://hbr.org/2010/07/stop-trying-to-delight-your-customers)

<sup>14</sup> HYKEN, S. (2017). PERSONALIZED CUSTOMER EXPERIENCE INCREASES REVENUE AND LOYALTY. RETRIEVED FROM [HTTPS://WWW.FORBES.COM/SITES/SHEPHYKEN/2017/10/29/PERSONALIZED-CUSTOMER-EXPERIENCE-INCREASES-REVENUE-AND-LOYALTY/#7D3B393E4BD6](https://www.forbes.com/sites/shephyken/2017/10/29/personalized-customer-experience-increases-revenue-and-loyalty/#7D3B393E4BD6)



## WHAT'S THE DIFFERENCE

We are a highly specialized contract extraction company driven by stringent quality standards and proprietary processes. Our scientifically developed workflows and data-driven consultation give our clients the peace of mind they deserve so they can focus on growing their brand without distractions. Other companies offer 'high quality' oils but do not support their claims with any indication of how it is achieved. They also offer extraction as a secondary service to offset the costs of building their own brand. Establishing sustainable profitability for our clients through superior quality and product differentiation in the present and future is always our top priority.

CUSTOMER CHALLENGES	FEATURES	BENEFITS
Lack of physical manufacturing infrastructure	State of the art extraction and post-processing capacity	Immediate access to production equipment
Inconsistent regulatory compliance and customer satisfaction	Pharmaceutical QMS	Consistently safe product through robust process workflows keeps customers happy
Lack of market & compliance knowledge	Data-driven consultation	Product differentiation through innovative product development and strict adherence to regulations
Lack of skilled personnel	Expertise rooted in science	Skilled workforce without in-house hiring requirements
Insufficient end-to-end capability	Enterprise solution	Increased operational efficiency

FIGURE 31: Clean Technique's Unique Features and Benefits



PRICING AND DISTRIBUTION

The potency of raw material dictates the yield of extracted oil and efficiency of the workflow. In a 2017 review of all Colorado-based cannabis businesses, the Marijuana Policy Group notes, “In previous years, the average potency of shake and trim was lower than flower (14.9 percent versus 16.6 percent in 2015). Current data indicate that the potency in both shake and trim (17.2 percent) and flower (19.6 percent) has increased noticeably. This increase in input product potency leads to higher THC yields following the extraction process” (Marijuana Policy Group, 2018).

Cannabis pricing is extremely dynamic due to geography and company specific variables. We are using the Keystone Pricing Model as our benchmark. It has been recognized and applied across a wide spectrum of industries and we believe as the cannabis market matures it will fall more in line with vertical markets. At a high level, keystone pricing sets one’s retail price for specific items at twice the amount one paid which is equivalent to a 50% retail margin.

Our pricing model for bulk oil takes into consideration the wholesale value of bulk oil, which is \$9/gram for winterized and \$12/gram for distillate as cited by Apeks Supercritical, 2017. However, this price does not account for ancillary costs such as QA/QC, independent testing, transport and packaging costs.

Our bulk oil service includes all these ancillary costs. We add significant value from a product quality and differentiation perspective and must cover our costs while maintaining profitable margins so we will charge a premium price of \$20/gram of winterized oil and \$30/gram of distillate. Based on retail prices of \$30 per 100mg of edibles in the MA market, the client still stands to make a 10x return.

Cost of packaging, cannabis biomass, handling and transport will also be built into the overall invoice as a service fee. However, our goal will be to drive wholesale bulk refined oil clients into a royalty structure, which creates a strategically vested partnership with longer-term value. We free up our client’s cash flow by allowing 80% of the balance to be paid as royalties after revenue is generated from their product. We are not selling to compete on price. We are selling on value to compete with high quality and increased product differentiation.\*

**Bulk Oil Royalty Model:** Clean Technique takes a 50% royalty from the wholesale price of a packaged oil-infused product

**Extraction and Refinement Services Model:** Our pricing model for our extraction and refinement services will be \$400-\$600 per pound of biomass. However, since toll processing is the most transactional type of service we offer and has the lowest revenue generating potential, we prefer to:

- Upsell into our white-label cartridge model to increase client revenue while securing sourcing for Clean Technique
- Use it as an opportunity to build a more strategic long-term partnership. We will offer cultivators free extraction and refinement in return for long-term sourcing agreements with discounted pricing to increase reliability of our supply chain and drive the costs of our biomass down.

**White Label Vape Cartridge Model:** We use current market retail cartridge prices<sup>15</sup> as baselines for profit margins and we assume a percentage of our clients’ profit margin. Our pricing will build in the cost of post processing after initial extraction based on the level of refinement.

Our data-driven consultation will be used and monetized in the system below:

HOW WE USE DATA	HOW DATA IS MONETIZED
Purchase, filter, interpret data and document findings in a personalized report	Part of an end-to- end solution justifies premium royalty pricing structure; increased brand value
Collect and analyze public data online and document findings in a personalized report	Part of an end-to- end solution justifies premium royalty pricing structure; increased brand value
Collect data about MA market in collaboration with data analytics firm	Discount on purchased data; increased brand visibility and marketing through collaboration with data firm

<sup>15</sup> THE CURRENT RETAIL PRICE RANGE OF 500 MG VAPE CARTRIDGES IN MASSACHUSETTS IS \$50 - \$90.

Our payment terms will be net 30. We will deliver 50% of the extracted product once complete. After full payment, we will deliver the other 50%. We will set a contractually obligated stipulation if payment isn't received in full in the agreed upon timeframe, the customer's product will be forfeited to us.

## DISTRIBUTION

Our business is heavily a service-provider; however, we do have physical product to move. In this sense, we mimic a direct/OEM distribution model as well as a third-party distributor. Acting as a direct/OEM to provide our physical product, such as bulk oil, goes directly from Clean Technique to the client so they can control the manufacture of the end retail product. There is also a possibility we may be asked to drop ship product directly to a client's retail customer as a third-party distributor. One way to mitigate the increased resources needed to serve as a distribution channel is to add a service fee for storage, inventory management, distribution and handling payment directly from the retailer.

### Strategic Alliances/Traction:

- Consult with Jaime Lewis, owner of both Mountain Medicine and Coldwater Consulting, to potentially help network cultivators for one-time fee or a longer-term strategic relationship for equity or royalties. We have met several times and opened a dialogue for a potential strategic partnership or joint venture.
- Have meet with Bao Le, CEO of BAS Research at their CA facility. They gave us a tour of their operations and have discussed preliminary possibilities for a joint venture.
- Developed a strategic relationship with New Frontier Data and BDS Analytics to cross promote our brands as we believe data is essential and can help identify trends and lucrative markets for our clients. They support our data-driven approach to our CMO model. We have communicated with Headset as well.
- Vitalis will not only be our partner of choice for our extraction needs but they have expressed interest in collaborating with us to explore opportunities to cross promote within our respective expertise to each other's clientele.
- Spoke with Head Grower and Head Extractor at INSA, a vertically-integrated MA cannabis company, and expressed the need for our services due to surplus of biomass and potential collaboration.
- Leveraged our experience in the life sciences industry to develop a strategic collaboration with Heidolph, a global leader in scientific instrumentation (rotary evaporators), to potentially supply capital equipment free of charge or heavily discounted in exchange for a technical application note.
- Leveraged our experience in the life sciences industry to develop a strategic collaboration with Vacuubrand, a global leader in scientific instrumentation (vacuum pumps), to potentially supply capital equipment free of charge or heavily discounted in exchange for a technical application note.

### Future Products and Services:

- (1-2 years) contract extraction and packaging supplemented by a white label vape cartridge Proof-of-Concept (POC) strategy with plans to expand extraction, and post-processing capacity while evaluating low dose market entry through a strategic capsule/softgel campaign.
- (2-3 years) Integration of internal cultivation organically, through acquisition or through strategic partnership with a greater focus on establishing and growing lower, practical dose softgels market through a self branded or white label campaign. Form strategic partnership with online retail to complete vertical integration.
- (2-4 years) Additional sites in Massachusetts to serve entire geography more effectively with replication of business model in burgeoning markets such as CT, DC, MD, NJ, NY, PA.
- (2-4 years) Sale of business when federal legalization brings in large cap players from big agriculture, tobacco and alcohol, with the possible licensing of our intellectual property. However, acquisition from larger cannabis company or licensing play is possible earlier in timeline.
- (4+ years) comprehensive strategic consultation services to big industry players.

# Key Performance Indicators (KPI)

## Sourced Material Metrics:

- # of pounds procured per month
- Cost of packaging
- # of cartridges used in packaging
- Supplier reliability/delivery times

## Market-related Metrics:

- wholesale value of bulk oil
- wholesale & retail value of vape cartridges
- % margin for our service
- % margin given to retailers
- # of days to turn product around

## Production Metrics

- # of pounds (trim) run per month
- # of pounds (flower) run per month
- # of runs per day
- # of production days per month
- % yield of process
- # of analytical tests performed per month
- efficiency and effectiveness models in regards to production (e.g machine downtime, process workflow optimization)

## Operational Metrics

- # of monthly backorders
- Duration of our backorders
- operational costs %change month to month
- Accounts receivable/accounts payable efficiency
- # of quality complaints received
- Time to resolve quality complaints

## Sales & Marketing/Business Development Metrics

- # of strategic partnerships
- Winterized oil revenue to distillate revenue ratio
- Extraction service revenue vs bulk oil revenue vs white label revenue
- % client retention

- # of renewed contract after initial contract
- # of new clients per month
- term length of client contracts
- Customer experience feedback

## ASSUMPTIONS AND RISKS

### Market Related

- Concentrates/edibles will dominate the cannabis landscape
- Retailers will be complacent with 50-60% profit margins
- There will be a need for a CMO to all segments of the supply chain, including vertically integrated companies.
- Converting raw material into concentrate creates a more desired product
- Majority of Massachusetts consumers will prefer cartridges over other forms of concentrates
- The retail price of winterized oil and distillate for 0.5 gram cartridges will be \$50 and \$70, respectively
- Trim will cost \$200-\$500 per pound and Flower will cost \$1000-\$2000

### Clean Technique-Related

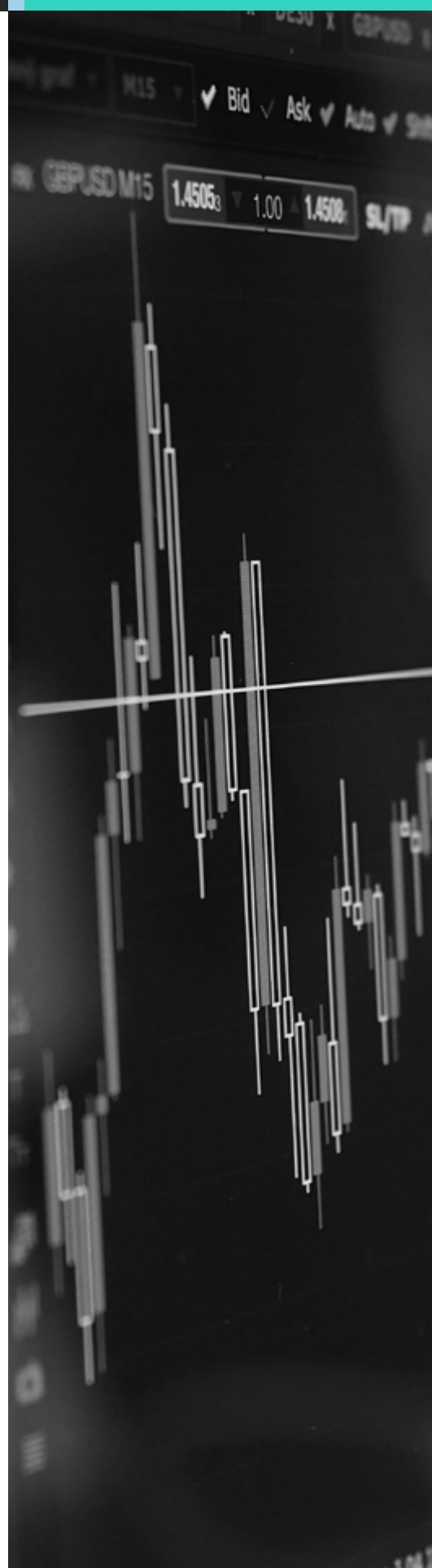
- We will be able to build a robust process and be able to execute to maximize efficiency and quality
- We will be able to procure a manufacturer's license
- Our processes will be commercially viable within 3 months
- We will be able to form strategic partnerships in order increase our visibility and viability
- Our current professional backgrounds, networks and skills transfer directly to cannabis and afford us a competitive advantage, especially in terms of risk mitigation
- We will have access to biomass since Massachusetts law requires cultivation companies to sell 85% of the cannabis they grow to licensed retailers and manufacturers or be demoted to a lower tier of cultivation, downscaling their potential throughout.
- Our COGS for sourced items will decrease as we scale and take advantage of bundle and volume discounts

**Client-Related**












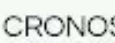
- Clients will understand the value of paying for quality upfront
- Companies will prefer to outsource manufacturing opposed to building their own infrastructure to reduce resources required and improve go to market timing
- Clients will see value in a royalty structure that requires less upfront capital and ensures compliance
- Clients will see value in data-driven consultation

**Financial Model-Related**

- Bulk Distillate Royalty Model=potency of raw trim material is 10%
- CO2 extraction will recover 90% of total available cannabinoids
- will lose another 40% to winterization
- will lose another 20% to short path distillation
- retail price of 10x10mg edible unit is \$25
- Wholesale margin is 60%
- Clean Technique royalty 62.5% of total revenue
- White Label Distillate Model=potency of raw trim material is 10%
- CO2 extraction will recover 90% of total available cannabinoids
- will lose another 40% to winterization
- will lose another 20% to short path distillation
- factor for filling 0.5ml cartridge to 65% concentration
- retail price of a 0.5ml cartridge is \$75
- Clean Technique fee is 30% of total revenue



**FIGURE 32: CANNABIS OFFERS LUCRATIVE ACQUISITION TARGETS TO A DIVERSE SPECTRUM OF INDUSTRIES**

MANY WAYS TO TRIM THE TREE		CANNABIS INVESTMENTS	INVESTMENT METHOD	CONTROL POSSIBILITY
 CONSTELLATION BRANDS	→  CANOPY GROWTH	\$4,200 M	EQUITY (38%)	Yes, through warrants over 3 years
 MOLSON COORS	→  HYDROPOTHECARY	?	JV	No
 NOVARTIS	→  TILRAY	?	JV	No
 HEINEKEN	→  LAGUNITAS BREWING	?	SUBSIDIARY	No
 AB INBEV	→  TILRAY	50 M	JV	No
 ALTRIA	→  CRONOS	\$1,800 M	EQUITY (45%)	Yes, through warrants over 5 years

Real Money

### PIVOT OPPORTUNITIES

- Becoming a pure manufacturer aimed at tapping into the emerging market potential through a self-branded-low dose product campaign
- Focusing solely on white label products
- Selling our infrastructure and IP
- Becoming a consultation firm in the cannabis space
- CBD-focused business model

# Appendix

## FULL BIOS OF MANAGEMENT

### **Kevin Wong (VP of Sales & Marketing/Co-Founder)**

Kevin has 18+ years of experience in the life sciences industry. He was most recently a senior sales consultant for Thermo Fisher Scientific, a Fortune 100 company leading the market in the manufacture of innovative scientific instruments, providing an extensive sales distribution network, enterprise laboratory management solutions and pharmaceutical contract development and manufacturing. He has a proven track record of success selling consumables and capital equipment into the biotechnology, healthcare and pharmaceutical sector. Using a consultative approach to optimize workflow, Kevin has facilitated the set-up of laboratories in a diverse spectrum ranging from academic research to large scale pharmaceutical production. He is experienced in managing customer relationships with CRM software such as Salesforce.com. His time in the industry has given him a deep understanding of the supply chain from manufacture and distribution to service and support at the retail level. He holds a Bachelor of Science Degree in Physical Therapy/Exercise Science from Ithaca College and has been trained on Practical Process Improvement (PPI).

### **Robert Pervere (VP of Technical Operations & Manufacturing/Co-Founder)**

Rob has 18+ years of experience working in the field of In-Vitro Laboratory Diagnostics. He was most recently a Senior Staff Applications Engineer at Siemens Healthcare, a Fortune 100 company in the Life Science industry. In his current position, he serves as a Customer Service Life-cycle Project Manager for the ADVIA Centaur & IMMULITE product lines used in the development of diagnostic kits for identifying infectious diseases. Upon joining Siemens (formerly Bayer Diagnostics), Rob spent 10 years in R&D developing Immunoassay reagents. He was the co-recipient of the 2013 Siemens Excellence Award for Healthcare Innovation and was granted a patent (us 61/934,111) for his contributions towards the development of assay paramagnetic supports in 2016. He has significant experience ensuring proper product development and international regulatory compliance through the creation of stringent cGMP-based SOPs. His familiarity with FDA audits arms him with deep laboratory management capabilities and a proven track record of successfully transitioning products from the R&D phase to production scale. Rob holds a Bachelor of Science in Biological Anthropology from Ithaca College and is Six-Sigma Green Belt (SSGB) certified.

### **Tymofey Wowk (VP of Strategic Business Development/Co-Founder)**

Tym is employed as a research consultant at the Office of Institutional Advancement at the University of Maryland Baltimore County (UMBC) and the College of Engineering and Information Technology Dean's Office at UMBC on both quantitative and mixed-methods research projects. He has extensive experience in data management and statistical analyses using nationally representative federal datasets such as the ECLS-k, BPS, IPEDS, ELS/NELS, and has presented findings from these projects at the American Education Research Association national conferences. Tym has also been a professor for 13+ years at both public and private universities. As a PhD candidate at UMBC, Tym's dissertation research is comprised of advanced quantitative data analysis using a dataset he merged from the BPS and IPEDS, and theory from the fields of education, sociology, psychology, and economics. His research focuses on factors facilitating the persistence of racial/ethnic minority and low-income community college students. He holds a Bachelor of Arts in Cultural Anthropology from Ithaca College, a Master of Arts in International Policy Studies from the Middlebury Institute of International Studies at Monterey, and a Master of Arts in Teaching English to Speakers of Other Languages from UMBC.

### **Cyson Wong (VP of Finance)**

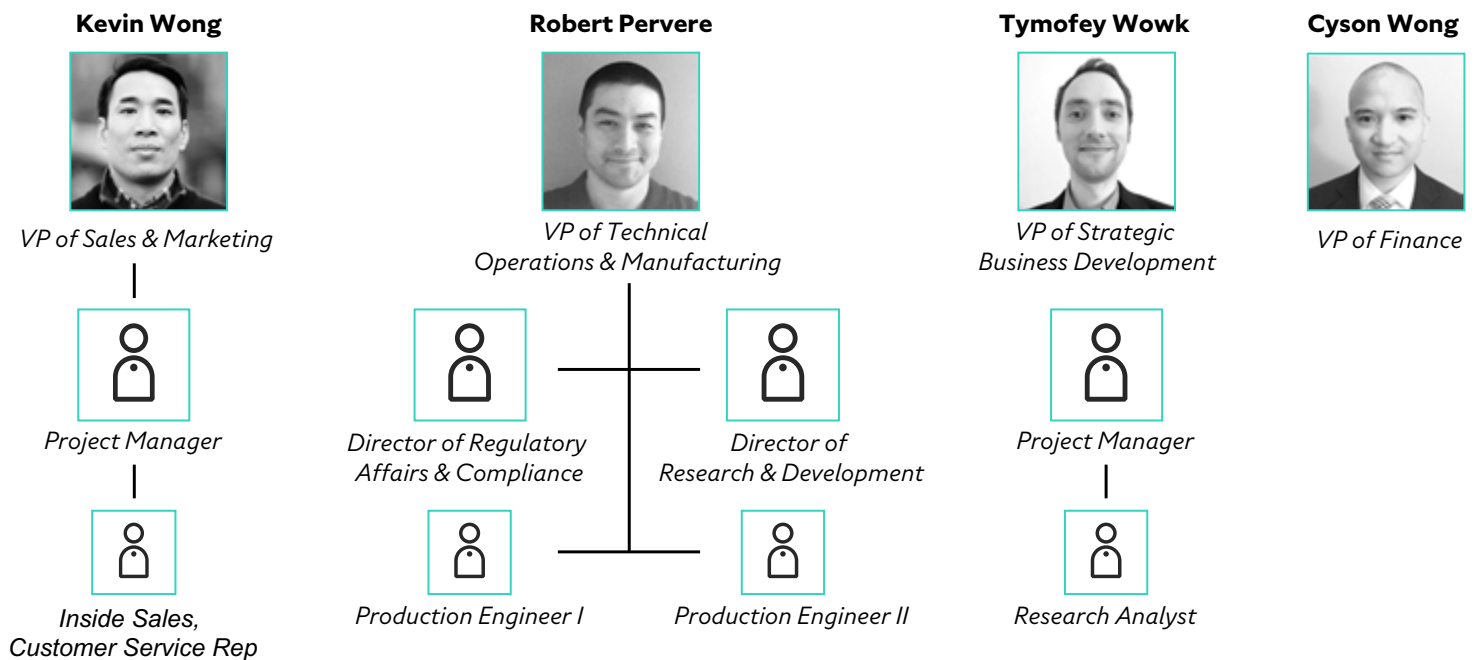
Cyson has 12+ years of professional experience in commercial real estate as a private equity investor, lender, developer, broker and has overseen the deployment and management of \$500MM+ in asset value.. He has executed roles in both small entrepreneurial companies as well as a public REIT. Currently, he heads a family office, focusing on acquisitions as

well as a managing its existing real estate portfolio. His network and breadth of experience has given him a comprehensive perspective of real estate finance and an ability to identify and take advantage of unique investment opportunities in New York City, an extremely competitive market. Prior to his career in real estate, Cyson was a software developer and has built back-end software, database applications, and graphical user interfaces for both startups and Fortune 500 companies. Cyson holds a Bachelor of Science in Biological Engineering from Cornell University and a Master of Business Administration from The Wharton School at the University of Pennsylvania with a dual major in Finance and Real Estate.

### Hiller PC (Legal) & Indiva Advisors, LLP (Accounting)

Clean Technique has retained prominent, well-respected accounting and legal professionals to navigate the regulatory framework for, and tax implications of, your business, with extensive cannabis industry experience, who, collectively, have successfully helped businesses to raise, and investors to deploy hundreds of millions of dollars.

## TEAM ORGANIZATIONAL CHART





# SPUE - Safe, Pure, Uniform, Effective

**SPUE Initiative:** a widely used acronym used to highlight the goals of GMP is SPUE which stands for Safe-Pure-Uniform-Effective. These characteristics are typically applied to Pharmaceutical products as the chemicals used need to be of high purity and free from contamination. In addition, they need to be uniform from batch-to-batch and subsequently tablet-to-tablet.

What	Description	Current CT effectiveness check mechanism
<b>Safe</b>	The Cannabis product was built according to the right formulation.  It's packaged as intended and correctly labelled to provide identification and safety for the end-user.	<ol style="list-style-type: none"> <li>1. Stringent SOP's that are designed to prevent process deviations.</li> <li>2. In-process batch record calculation witness steps.</li> <li>3. Periodic auditing of manufacturing batch records.</li> <li>4. Packaging quality assurance checks part of Control system for release for sale.</li> <li>5. Implementation of Work Instruction (CTW002) for Good Documentation Practices (GDP).</li> </ol>
<b>Pure</b>	Product is free of contaminants, foreign matter, chemicals, harmful microbes and microorganisms.	<ol style="list-style-type: none"> <li>1. Aseptic gowning process for working in a manufacturing environment according to work instruction CTW001</li> <li>2. Analytical testing by accredited and licensed laboratory</li> <li>3. Visual inspection of pre-post fill formulations part of Control system for release for sale.</li> </ol>
<b>Uniform</b>	The product is manufactured in a manner that is reproducible and will have the same quality amongst bulk batch lots manufactured at different times as well as cartridges or tablets filled at the beginning and end of filling events.	<ol style="list-style-type: none"> <li>1. Stringent SOP's, continuous monitoring for any process variability</li> <li>2. Assessment of lot-uniformity via analytical testing by an accredited and licensed laboratory</li> <li>3. Personnel training on process to remove person-to-person variability in batch record and/or analytical results.</li> </ol>
<b>Effective</b>	The product must be effective and fulfill its intended use. The product requires the right materials, the right amount of materials and proper packaging to maintain stability of the product over time.	<ol style="list-style-type: none"> <li>1. Analytical testing by accredited and licensed laboratory</li> <li>2. Incoming acceptance criteria and chain of custody process during formulation during has several quality checks in place to prevent mix-up of Cannabis material.</li> <li>3. Stability testing will include the characterization of variable shipping and storage conditions. End-labelling should reflect any findings or amendments to known stability of products based on new findings or manufacturing deviations.</li> </ol>

FIGURE 33



## ISO 9001:2015 MODEL

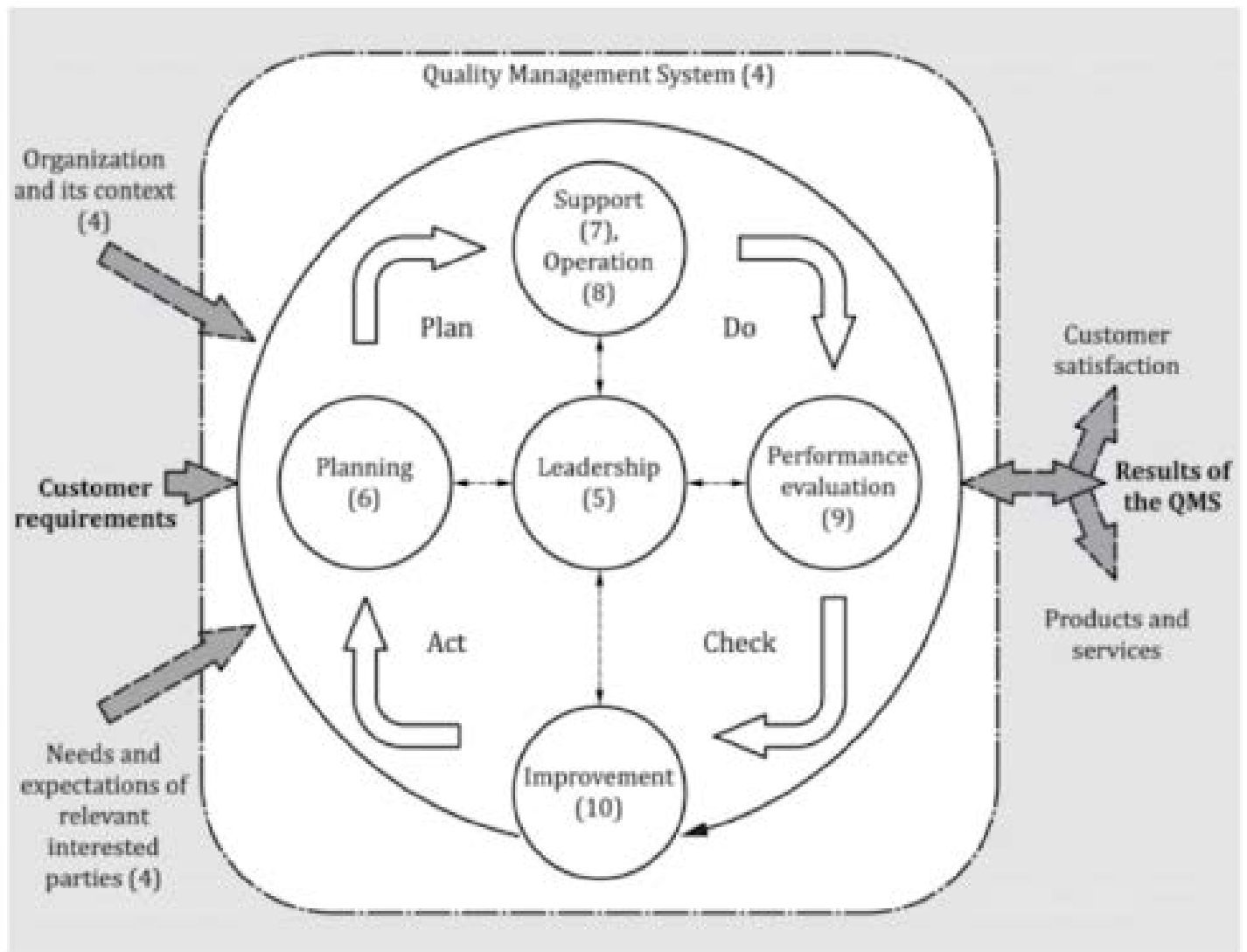


FIGURE 34

RED OCEAN STRATEGY	BLUE OCEAN STRATEGY	CLEAN TECHNIQUE'S OCEAN FEATURES
Compete in existing market space	Create uncontested market space	<ul style="list-style-type: none"> <li>• Approach guided by the premise that quality can only be built in, not tested in</li> <li>• Science readily offers opportunity for innovation and IP</li> <li>• Data analytics reveal what the emerging market wants so the next gen products can be created</li> </ul>
Beat the competition	Make competition irrelevant	<ul style="list-style-type: none"> <li>• Without quality, science and data analytics a business model is antiquated</li> <li>• Customer needs/satisfaction are the main focus, not what the competition is doing.</li> </ul>
Trade off value for cost	Simultaneously increase value and decrease cost	<ul style="list-style-type: none"> <li>• A properly implemented QMS coupled with data analysis accomplishes just this; better products, increased efficiency, lower costs.</li> </ul>
Winning is zero-sum against competitors.	Winning is not zero-sum	<ul style="list-style-type: none"> <li>• Winning is a result of identifying the customers needs and tailoring a product/service to fill it. Paying attention to customers not competitors makes your success independent of what others are doing.</li> </ul>
Market structure is fixed, and you play within it	The market can be restructured	<ul style="list-style-type: none"> <li>• The cannabis market is too young to have a rigid structure. Use data to predict how the market will evolve in the longer term and help to define it</li> </ul>
Follow best practices and improve on them	Break the best practice rules	<ul style="list-style-type: none"> <li>• Best practices in the immature cannabis aren't proven. Should borrow from proven vertical markets more proactively and create new but proven rules.</li> </ul>

FIGURE 35

## DETAILED PERSONNEL PLAN DESCRIPTIONS

### VP of Sales & Marketing

- Drive revenue growth through maintenance of existing accounts developing new ones
- Implementation of CRM software to foster quality, productivity and customer satisfaction and allegiance
- Establish KPI's/Metrics to measure customer satisfaction and allegiance
- Establish timing and process for response to customer satisfaction/allegiance feedback
- Determine best work process for lead generation and follow up in sales/marketing
- Determine best work process to ensure marketing strategies are successfully implemented at the field level
- Hiring sales support/customer service team
- Hiring field sales representatives
- Developing core sales/marketing strategies to ensure focused field implementation and strong customer service and support
- Improve effectiveness of order status communication with customers in order to increase

### VP of Technical Operations & Manufacturing

- Determination of the infrastructure needed with respect to buildings, workspace, hardware/equipment and Environmental Health and Safety (EHS).
- Appoint Director of Research and Development
- Establish the framework for Manufacturing Operations.
- Process/Hardware Validation and documentation (IQ/OQ/PQ) of new hardware and/or improved processes.
- Reviews, approves or rejects any process deviations. These activities are documented.
- Establish handling and storage procedures to ensure that labelling errors, damage, deterioration, contamination or other adverse effects to product do not occur.
- Implements and maintains procedures for the control of storage areas to prevent damage or deterioration of any finished and/or in-process products
- Maintain schedules for the adjustment, cleaning, and other maintenance of equipment to ensure that functional specifications are met. Maintenance activities, including the date and individual(s) performing

the maintenance activities, are documented.

- Implements and maintains SOP's to prevent contamination of equipment or product by substances that could reasonably be expected to have an adverse effect on product requirements
- Implement and maintain environmental controls are where appropriate. These controls include gowning procedures, cleanliness, personnel clothing/accessories and health & safety requirements.
- Implement a CAPA system as part of continuous improvement efforts and auditability.
- Implements and maintain procedures to control environmental conditional effects that could have an adverse effect on product and/or end user requirements.
- Control of working and obsoleted SOP's
- Control of Manufacturing processes where the absence of such processes could adversely affect quality,
- Monitor and control process specifications and process risks.
- Implement and maintain some form of a customer complaint management system.

### VP of Strategic Business Development

- Analyzing internal process data using Stata statistical software to identify areas of continuous improvement
- Analyzing external market data collected by data companies to identify areas of continuous improvement
- Comparing client demands to market analysis to reduce waste and position customer competitively
- Presenting to the customer what he/she needs based on desired product and market in a formalized report
- Focusing on both qualitative and quantitative data collection and analysis to corroborate findings and maximize efficiency
- Identifying new potential clients based on fruitful associations to reduce waste of time
- Maximizing efficiency for all existing client relationships based on geography, client demands, and manufacturing capacity
- Scouting entry points into markets and collaborating with sales team and process team to enter each market
- Setting up a measurement framework to test market assumptions

- Scaling by analyzing each business deal and fulfilling goals
- Creating a support system for future activities concerning deals
- Listening to client perspectives, issues, and problems
- Being involved in professional associations for increased visibility
- Focusing on customer satisfaction via adherence to deadlines and guiding clients through the entire process
- Promoting our brand through a targeted content marketing campaign of publications and conference presentations

### VP of Finance

- Execute the financial strategy of the company
- Manage financial controls and accounting procedures
- Ensure full transparency over the financial performance of the company
- Provide advice on how to increase revenue and reduce costs
- Effectively and clearly communicate potential risks in a timely manner
- Propose action plans to ensure that annual financial objectives are attained
- Lead the preparation of monthly and annual financial plans
- Coordinate and produce all tax documentation as required
- Review and approve all legal documentation
- Lead financial and operational discussions with existing and potential investors
- Director of Regulatory Affairs & Compliance
- Develop & maintain understanding of the State of Massachusetts 935 CMR 500.000 regulations
- Maintain all applicable licenses required by law. Develop an internal compliance monitoring system
- Develop and manage relationships with all applicable regulatory and compliance agencies.
- Monitor and maintain compliance in manufacturing operations
- Create process maps and standard operating procedures for all processes.

- Create process validation protocols for all processes using FDA cGMP guidelines
- Work with Management to verify and submit daily, weekly and monthly production and distribution records
- Work with Security to ensure workplace health and safety policies and procedures are followed in compliance with 935 CMR 500.000
- Observe and create measurement systems to promote continuous improvement of lean processes and practices to ensure compliance in accordance with state law and beyond
- Lead investigations into QA/QC issues and conduct root cause analysis and determine corrective actions and future preventative measures.
- Work with project manager and Sale & Marketing to ensure effective communication of product status to clients
- Communicate with corporate compliance office to report any legal concerns, stay abreast of compliance updates, and best practices
- Conduct environmental assessments of manufacturing operations, to mitigate any risks that could lead to violations, fines and loss of license.
- Develop Quality Assurance/Quality Control standards for critical processes and work with management to ensure open communication and integration with other divisional processes
- Work with Inventory Control to perform regular audits and make recommendations for improvements.
- Assist state and local government auditors and law enforcement with inventory, sales and compliance audits.
- Monitor security cameras and footage if necessary.
- Work with VP of Technical Operations & Manufacturing to, develop and implement an annual employee training program for new and current employees.
- Monitor regulatory changes and make recommendations to operational functions to adhere to those changes
- Willingness to complete all required training and certifications for the position
- Monitor and report incidents and violations to VP of Technical Operations & Manufacturing and regulatory body as required.

### **Director of Sales Operations/Project Manager /Planning & Scheduling**

- Responsible for overseeing all sales operations for their organization, including providing support where needed to ensure successful business operations.
- Conduct business planning processes to measure performance and ensure optimal workflow
- Maintain accurate sales operations records, help modify existing sales operations processes, create budgets, and allocate resources to reach all sales operations goals.
- Manage CRM and monitor operational performance and lead business meetings to recommend changes to operations.
- Provide strategic sales planning, forecasting at regular intervals, analyzing all sales operations, and modifying them to make them more efficient without sacrificing effectiveness and quality.
- Work with management to increase productivity and facilitate sales operations by educating others on their company offerings.
- Work closely with Business Development team to analyze sales data and identify opportunities and develop strategies to capitalize on them
- Forecast sales pipeline to production and help to plan and schedule production runs accordingly to maximize efficiency
- Work closely with Regulatory Affairs and Compliance to ensure timely and comprehensive resolutions to quality complaints
- Manage vendor relationships

### **Director of Research & Development**

- Appoint and train Extraction Engineer(s) I and II
- Develop, review and approve the framework for Manufacturing Operations
- Develop, review and approve the process/Hardware Validation and documentation (IQ/OQ/PQ) of new hardware and/or improved processes.
- Implements, reviews, approves or rejects any process deviations
- Equipment Maintenance All equipment used in manufacturing, installation and servicing, or which could impact conformance to product requirements must meet specified requirements and be appropriately designed, constructed, placed and installed to facilitate maintenance, adjustment, cleaning and use.

- Develop, review and approve handling and storage procedures to ensure that labelling errors, damage, deterioration, contamination or other adverse effects to product do not occur.
- Identify new technologies that the business may wish to pursue
- Identify opportunities for and lead development of intellectual property

### **Production Engineer**

- Prepare cannabis material and equipment for CO<sub>2</sub> extraction.
- Operate extraction equipment and handle various extraction materials.
- Collect and handle crude oil during/after the extraction process.
- Refinement of extracted crude oil
- Clean extractor, used glassware or any other relevant laboratory equipment.
- Calibrate analytical balances, pH meters and any other relevant test methods of measurement.
- Perform relevant scheduled and routine maintenance tasks.
- Record and plot various process data in order to develop and monitor manufacturing capabilities.
- Prepare reagents, standards and samples for QC testing via HPLC.
- Organize and maintain a clean workstation and overall lab environment.

### **Inside Sales/Customer Service Rep/Research Analyst**

- Assist in sales lead development, follow-up and management
- Assist with marketing duties
- Provide service and support to clients via email and phone
- Enter incoming quality complaints into CRM
- Assist with general office duties
- Assist in collecting, managing, and presenting data

## CLEAN TECHNIQUE STRATEGIC CLIENT EVALUATION QUESTIONNAIRE SAMPLE

This questionnaire serves to collect client data to be evaluated so Clean Technique can aid in suggesting the best course of action for new or existing products. We will use information collected to generate a detailed report to give you a snapshot of the existing market, potential market and make recommendations on product development, regulatory compliance and sales/marketing ideas.

### Company Information

- Please provide your company name, a contact name, phone number, email
- At a high level, what are the most important tasks Clean Technique can help with to help you grow your brand?  
*Product Development, Current Portfolio*
- What are your main product offerings? *Edibles-Gummies*
- What is the price point for your product? *\$20 for 5 x 20mg gummies*
- What are the dosages/potency of your products (e.g. 100 mg edible or 0.5mg/70% TAC cartridge)? *10mg/75% gummies*
- What are the shortcomings of your product you wish to improve? *Have had customers say they have had varied experiences from dose to dose and sometimes gummies have too strong a cannabis flavor which is a little bitter*
- Who are your competitors and how are they positioning their products? *Other gummy manufacturers but also chocolates, hard candies and baked goods. Most of the brands we see market themselves as craft brands with an emphasis on quality.*
- Who is the target market (demographics, level of cannabis experience, level of potency)? *We'd like to appeal to everybody but marketing is probably geared towards the 25-35 professional as a premium brand. Chose 20 mg doses so it's not too high or low.*
- What is the current scope of your geographic market share? Expansion? *We are placed mostly in Western MA dispensaries but obviously would like to expand to other areas to grow market share but harder to get items on shelves in areas like Boston*
- What does your supply chain look like? *We know some cultivators we can source through at times but mostly buy wholesale oil to decrease complexity*
- Do you prefer winterized oil or distillate? Why? *Have been using winterized because of price mostly*
- What is an allowable lead time for delivery of oil/vape cartridge? *2-3 weeks*

### Product Development and Potential Future Products

- How do you feel about adding products to your portfolio? *Not right now, but we are open to it when timing is right*
- What markets are you considering entry into? *We have a culinary background so like the idea of expanding into other candies our edibles. However would like to test out products to diversify our portfolio and appeal to other markets*
- Is cost the main driver in your product development? If so, how flexible are you with cost if more value can be added? *We are a young company so cost is always a concern, but we are willing to invest if we see value that isn't too risky*
- Are you mainly interested in the hemp, cannabis industry or both? *We currently deal with cannabis but are itching to get a piece of the CBD market somehow*
- Do you prefer only cannabis-derived ingredients? Why? *Yes because we feel consumers might not trust us if we use non-cannabis derived*
- Is short or long term success a priority (Commodity vs Value)? Why? *Both but we kind of want a me too product but a product with lasting appeal too*

## CLEAN TECHNIQUE STRATEGIC CLIENT EVALUATION QUESTIONNAIRE (CONT'D.)

### Regulatory Compliance and Regulatory preparedness

- Please provide a brief overview of your production workflow (Steps towards a finished product)?
- What is your current level of quality assurance/quality control? Do you feel it is adequate? *We have SOPs and we come from a food service background so we are pretty clean but we don't extract our own oil so that is always a concern. Even if we do a good job the oil can put us at risk*
- What are your biggest concerns regarding compliance? *A customer gets a gummy that is more potent than advertised or is contaminated that gives us bad press our leads to recall or legal problems*
- Have you ever had issues with quality or compliance? If so, please explain. *Not officially but have had customers say they have had wide ranges of experiences once in awhile with our gummies but that all edibles run that risk*
- Does adherence to regulatory compliance restrict your resources? Where are the bottlenecks? *It's important but we don't have the personnel or resources to oversee every process. Sometimes we just spend a lot of energy trying to make sure everything is perfect but know we are missing somethings outside of our control.*

### Sales/Marketing

- Background of your current sales/marketing campaigns
- What is your brand image and do you feel it is conveyed effectively? *High-quality craft product made by culinary artists. I think we have done well so far but know our niche is becoming competitive.*
- How is your brand/product differentiated? *I think the fact we have culinary backgrounds differentiate us from other manufacturers*
- How are you currently marketing and selling your product? Do you feel it is working? *We actually use social media heavily to get our name out and to network with other businesses.*
- Is content marketing an important part of your strategy? *Not a huge role at this point.*
- How big is your salesforce? Is enough to accomplish your sales strategy? *There are 6 of us and we all sell in a way but we have 1 person really driving the sales aspect.*
- Do you use data analysis to provide insight into your sales/marketing efforts? If so, please explain. *Kind of. We try to follow trends we hear about and see how they might fit with our brands.*



## CLEAN TECHNIQUE: “COMPANY A” STRATEGIC REPORT

### Client Overview

Company A is currently operating as a gummies manufacturer with a 20mg dose size aimed at capturing both the recreational and therapeutic-minded users in the age range of 25-35. Their brand image is a premium brand with the ability to craft artisanal high-quality gummies. They have not had any significant issues with quality but would like to increase the consistency of their product to ensure regulatory compliance and customer satisfaction over time. Currently, they are doing well gaining market share but would like to expand their geographic reach and possibly expand their portfolio into other growing markets. Ultimately, they want to ensure quality, grow market share and possibly enter into new product areas in a way that does not pull too much time from their existing flagship gummy line. An ideal partner will be responsive to facilitate the above goals without complicating logistics.

### Product Development

#### *Current Products*

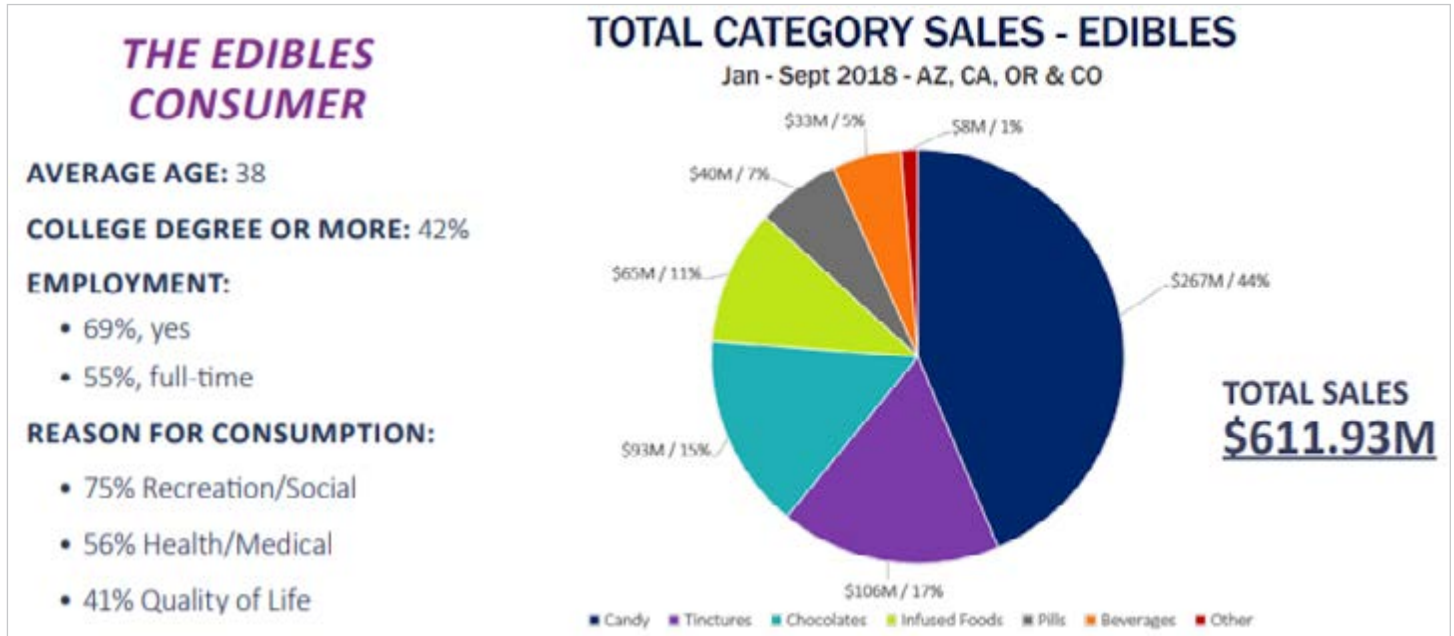
- \$25 units of 5 x 20 mg gummies and use winterized oil mainly because of cost
- Customers overall pleased but have had instances of inconsistent effects/experience and bitter cannabis taste
- Competitors are other edible companies both candy and baked goods with similar craft branding
- Target market is the 25-35 year old working professional and currently most of their market share exists in Western MA but would like to increase presence in Boston area
- Potency of 20mg/75% TAC is to appeal to both enthusiast and responsibly-minded customers
- They have sourcing network with cultivators but would like a bulk oil supplier to decrease maintenance and complexity of supply chain
- Production scheduling would be built around a 2-3 week lead time for bulk oil
- Future Product Outlook
- Not currently looking to develop new products but would like to expand portfolio when cash flow is better
- Want to leverage culinary background as a brand/product differentiator so can envision expanding into hard candies and baked goods. However, they see the CBD market and other genres growing exponentially so would like a strategic entry point into these markets potentially
- Cost is always a driver for new product development but understand long term brand value can be more capital intensive upfront. However, risk must be mitigated to an extent to become a feasible option
- Prefer cannabis-derived ingredients but potentially open to other options if it does not harm brand image of a premium brand
- Ideally, their portfolio would be able to capture current market demand and emerging market demand



## CLEAN TECHNIQUE: “COMPANY A” STRATEGIC REPORT (CONT'D)

### Context

National edibles context



### KEY TAKEAWAYS

- Candy, which includes gummies, has the largest market share of edibles
- However, two years ago, tinctures were in the single digits of market share, and capsules were below 1%, indicating major growth for newer edible products
- Consumers use edibles for multiple purposes at the same time
- National CBD-THC context
- According to New Frontier Data, candy had the second highest sales for CBD-branded products in 2017
- According to BDS Analytics, 40 percent of cannabis edibles consumers in the four largest adult-use Western states have chosen high-CBD products in 2019
- Medicine Man, one of the largest dispensaries in Denver, sells two types of 10 mg lollipops: the THC-only one is priced at \$5.68, but the 1:1 THC/CBD one is priced at \$10.55

## CLEAN TECHNIQUE: “COMPANY A” STRATEGIC REPORT (CONT'D)

### Massachusetts dispensaries in context

The following table reports information on gummies (THC-only) from three of the largest vertically integrated companies in Massachusetts:

DISPENSARY	NETA	NETA	SIRA	REVOLUTIONARY
Milligrams per Unit	5	5	5	24
Total Milligrams	25	100	100	96
Price	\$10.00	\$30.00	\$30.00	\$30.00

### There are three main takeaways from these data:

- The average price per 100 mg of gummies is \$30
- Neta offers a lower total milligram product, which is 25% of their 100 mg product; however, instead of charging 25% to reflect this ratio, they charge 33% instead, thereby raising the price of the lower total THC product.
- Revolutionary Clinics charges the same as the average 100 mg product except
- Their product has slightly fewer milligrams than the other two companies; therefore, for every product they sell for \$30, they save 4 mg of oil.

### Strategic Opportunity:

- CBD is an incredibly lucrative market; Hybrid CBD and THC is even more lucrative. This can help you capture the wellness base without excluding your current recreational base.
- Edibles are gaining market share everyday; however creating a hard candy can increase your market share but also has the potential to cannibalize your gummy share as they directly compete. You may want to consider testing the Wellness market of cannabis, as Wellness is one of the biggest current markets in the world. Capsules/pills present an amazing opportunity as they are widely accepted and familiar forms of consumption with low production costs and large margins. There is considerably less competition in this segment and potentially captures a whole new market demographic, creating organic growth.
- Your dose size is 20mg but research shows that microdosing is on the rise, especially for the market you are targeting. Reducing your dose size from 20mg to 5-10mg would reduce the chance of “overdosing” by novice users and creating a unpleasant experience. It also adds the flexibility for users to customize the the dose based on their desired outcome. For example, somebody with nothing to do but sit on the couch and watch TV would not necessarily want the same dose as when they go for a social hike with friends. It gives your user greater control over their experience and data shows consumers like the ability to customize. They will often pay more for this option. You would actually be able to charge a similar price for 10 x 5mg doses versus 5 x 20mg (\$20 vs \$30 but half the total milligrams), increasing margins and potentially capturing a whole new market demographic which is not entirely recreationally-minded
- White label vape cartridges offer a chance to diversify your portfolio with a proven high demand product
- Distillate can help to address the taste issue in your gummies as it is tasteless

THE TOP 3 CBD-BRANDED PRODUCTS IN 2017 WERE TINCTURES (34%), CANDY (20%), AND CHOCOLATES (15%)  
THREE OF THE OTHER LARGEST DISPENSARIES, WHO ARE NOT ON THIS LIST, DID NOT HAVE GUMMIES FOR SALE ON THEIR SITES

## CLEAN TECHNIQUE: “COMPANY A” STRATEGIC REPORT (CONT'D)

### Summary

You have not had any major quality issues yet but have acknowledged customers have expressed variation in experiences and would like to make them more consistent. You have SOPs in place to ensure quality, but not a formal quality management system so are open to suggestions to drive traceability and possibly improve on existing procedures. In your workflow description, you mentioned oil is added to the gelatin mixture through a manual process and then is mixed and cut into unit sizes manually as well.

### Context

In the pharmaceutical industry, product recalls and accompanying lawsuits can be extremely costly. For example, in the 2010 Johnson & Johnson dealt with a recall that sums up the risk of compromised product quality. Consumers complained of nausea, vomiting and stomach pain when taking Tylenol product which had a strange musty odor. After a full investigation, it was determined that the odor had been linked to the presence of trace amounts of 2,4,6-tribromoanisole (TBA), a byproduct of a chemical used to treat wood pallets that transport and store packaging. What followed was a full recall of Tylenol, over \$650 million in lost revenue, a 31% decline in U.S. sales for Johnson & Johnson's over-the-counter brands, the closing of a plant, employee firings, loss of market share to competitors, and an immeasurable hit to the brand image.

Within the context of regulatory compliance and consumer safety in the cannabis industry, examples of product recalls are ever-present, as well. In 2017 alone, 15 companies recalled cannabis products in Colorado (Baca, 2015), and since the state legalized adult-use cannabis, dozens of companies have recalled hundreds of thousands of products because of contamination, usually from pesticides (Baca & Migoya, 2015). There are also examples of lawsuits over contaminated cannabis products in Colorado (Migoya & Baca, 2015). More recently, nearly 20% of marijuana products in California have failed tests for potency and purity since the state started requiring the checks in July 2018 (Marijuana Business Daily, September 11, 2018). As the cannabis industry evolves, grows and becomes more regulated, companies which do not take proper measures to ensure quality and compliance run the risk of significant consequences similar to the Tylenol case.

### Strategic Opportunity

Not all oil is created equally. It is important to source oil which consistent in its quality. Make sure your supplier explains how quality is achieved day in and day out. They will have systems in place to ensure uniformity in production with documented and traceable processes to allow for root cause analysis and corrective actions if something does go wrong. This will increase your compliance status and protect you liability-wise.

Whenever manual processes are involved, it introduces the element of human error which effects reproducibility. Then when you introduce oil to the gelatin, you want to make sure each employee uses a similar procedure to reduce residual oil being left in the source vessel as this ultimately affects the overall potency of each individual gummy. Hand mixing is susceptible to introducing variability as well as different people mix with a different cadence and strength potentially affecting the homogenization of the overall mastermix. Also, manually cutting large sheets of gummies into individual unit sizes runs a similar risk. Sizes may be similar but not identical. These are just the limitation of humans. If possible, you may want to automate some or all of these processes to decrease the introduction of error and improving overall reproducibility. It is possible these steps of the workflow are responsible for the variation in customer experiences you had mentioned.

## SALES & MARKETING

### Summary

You are a premium craft brand priding yourself on quality, aesthetically pleasing packaging and the ability to create delicious edibles due to your strong culinary backgrounds. Your packaging is strong and conveys the care and detail you put into your product. Reviews of your product speak to your culinary ability to create something delicious.

### Context

Millennials are the biggest consumer generation to date and they spend \$600 billion a year or around \$85 per day, 28% of the total daily per-person consumer spending. (Forbes, 2018)

Globally, over 40% of millennials cite quality as the number one reason they are willing to pay more for a premium brand (Deloitte, 2017).

In the U.S., 35% of Gen Xers hold degrees, whereas only 19% of millennials do. They understand the meaning of value and are more likely to stay loyal to a specific brand. (Forbes, 2018)

### Strategic Opportunity

You nailed your branding with packaging and the message of culinary inspiration is there.

Although your brand and packaging look high quality, there is no objective evidence that it is. We find this is issue arise with other brands as well. Our proprietary quality management system, Process Perfect, is guided by the most recognized international standards, ISO 9001:2015 and cGMP. This ensures the high levels of accuracy and precision in our production SOPs, executed by a strong scientific team resulting in unparalleled consistency in our oils. We maintain records for traceability and are prepared for FDA-style audits and corrective actions if a compliance issue does arise. Since Process Perfect oil is the base ingredient of your gummies, our commitment to quality is also your commitment to quality. This is an incredibly strong product differentiator and amazing marketing/sales tool. Your gummies don't just look good. They are made to incredibly high quality standards.

You mentioned you could use some help in selling the value of your gummies to dispensaries. We would be happy in joining you for sales calls or vendor days at dispensaries to speak to the quality dimension of your product so they really understand your quality IS better than your competition!

MARKET RESEARCH STUDY	DEFINITION	QUALITATIVE COMPONENT	QUANTITATIVE COMPONENT	OUTCOME
Market Entry Research	Market entry and expansion studies are carried out by businesses looking to enter new markets or expand their presence in markets they are already established	Qualified feedback from industry experts and associations via informal interviews	Outline the demand for products and services via POS data	Help to ascertain the demand for products and services
Market Assessment Research	Market assessments tend to be carried out to as part of due diligence to support a business decision that's already been made	Interviews carried out with customers, competitors and acquisition targets	–	Understand the characteristics of the market
Competitor Intelligence Research	Competitor research is fast becoming one of the most popular market intelligence studies with businesses keen to get the inside view of their rivals	Observing competitor websites, interviewing customers, and discussions with competitors about other competitors, suppliers and distributors	–	From investment and expansion plans to marketing strategies and supplier performance
Needs Assessment Studies	One of the most interesting market intelligence studies investigates the gap between what a particular market wants and what it currently gets	Focus groups with target customers	Quantitative questionnaires and online surveys aimed at specific demographics	Helping businesses build value propositions that meet the needs of customers and ensure business longevity and growth
Market Segmentation Research	Segmentation is an alternative means of differentiating a business from the competition, with the goal of increasing profitability	–	Based on the needs of the target audience (gender, age, race, location or attitudes and interests)	Have direct input into digital and offline marketing strategy as well as product development

FIGURE 36: Clean Technique Market Research Table, Clean Technique 2019

SOURCE: BRITISH LIBRARY: BUSINESS & IP CENTRE, 2018

# Glossary

**Cannabidiol (CBD):** A compound that is one of the main constituents of cannabis, having almost no psychoactive effects but profound medicinal and therapeutic implications

**CGMP:** Current Good Manufacturing Practice regulations enforced by the FDA for systems that assure proper design, monitoring and control of manufacturing processes and facilities.

**CO2 extraction:** Extraction method using inert CO2 as a solvent to extract target compounds from the cannabis plant

**Data Triangulation:** Triangulation facilitates validation of data through cross verification from more than two sources. It tests the consistency of findings obtained through different instruments and increases the chance to control, or at least assess, some of the threats or multiple causes influencing our results. Triangulation is not just about validation but about deepening and widening one's understanding. It can be used to produce innovation in conceptual framing. It can lead to multi-perspective meta-interpretations. Triangulation is an attempt to map out, or explain more fully, the richness and complexity of human behavior by studying it from more than one standpoint.

**Distillate:** A highly potent and pure cannabis concentrate form created through a highly refined distillation process

**Hydrocarbon extraction:** Extraction method used to strip the cannabinoids, such as tetrahydrocannabinol (THC), and terpenes from cannabis plant material. The process involves the use of hydrocarbons such as propane or butane as the solvent to extract the concentrate.

**ISO 9001:** 2015 specifies requirements for a quality management system when an organization:

- a) Needs to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, and
- b) Aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

All the requirements of ISO 9001:2015 are generic and are intended to be applicable to any organization, regardless of its type or size, or the products and services it provides.

**Rotary Evaporation:** A technique most commonly used in organic chemistry to remove a solvent from a higher-boiling point compound of interest

**Short Path Distillation:** Separation of a liquid mixture into fractions differing in boiling point (and hence chemical composition) by means of distillation, typically using a fractionating column.

**Terpenes:** Essential Oils which give cannabis its aromatic diversity

**Cannabinoid:** Any of a group of closely related compounds that include cannabinol and the active constituents of cannabis

**Tetrahydrocannabinol (THC):** A crystalline compound that is the main psychoactive ingredient of cannabis.

**Vape Cartridge:** A pre-filled disposable chamber used as a convenient and discreet way to consume cannabis oils

**Winterization:** A process of refining cannabis oil by removing the higher melting point parts from oil like waxes or triglycerides by slowly cooling the oil

Cautionary Note: This document contains, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will," and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding: expected operating results, such as revenue growth and earnings; anticipated levels of capital expenditures; strategy for customer retention, growth, product development, market position, financial results and M&A activity. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: economic and financial conditions; the adequacy of our cash flow and earnings; the level of demand and financial performance of the cannabis industry; strategic actions, including acquisitions and dispositions; the occurrence of hostilities, political or regulatory instability or catastrophic events; changes in customer demand; the extent to which we are successful in gaining new long-term relationships with customers or retaining existing ones and the level of service failures that could lead customers to use competitors' services. [OR REFER TO RISK FACTORS] Any forward-looking statement made by us in this document is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

## EMBROKER

Clean Technique LLC  
810 Fordham Street, MA 01085  
Location : 32 Char Drive Westfield, MA 1085  
kevin@cleantechniquelabs.com

To Whom It May Concern:

Embroker Insurance Services LLC ("Embroker"), a nationally licensed insurance brokerage, intends on providing Clean Technique LLC a prospective Massachusetts cannabis manufacturing-license holder, with bindable insurance quotes for General Liability and Product Liability (which is the same policy and coverage) of no less than \$1M per occurrence \$2M in aggregate annually, with a deductible no higher than \$5,000, Property with Business Interruption, Product Recall, Workers Compensation, Crime, Cyber Security (protecting the integrity of Clean Technique's Seed-to-Sale tracking system and electronic records retention, as described in Clean Technique's Recordkeeping Plan), Auto Liability, Employment Practices Liability (Discrimination, Harassment and Hiring Practices), and Directors & Officers Liability coverages.

Furthermore, effective 2/20/20 the premises where Clean Technique has permission to conduct its manufacturing operations, has obtained a Commercial Package Policy to ensure its real estate is properly covered inclusive of General Liability at \$1M per occurrence, \$2M in aggregate, as well as property coverage up to \$750,000.

Embroker Is a broker, not a carrier or underwriter and cannot guarantee coverage. Based upon the completion of required insurance applicants, Clean Technique LLC has demonstrated its willingness to put risk- management practices in place and Embroker expects to deliver bindable quotes to Clean Technique LLC upon licensure in compliance with the Cannabis Control Commission for the Commonwealth of Massachusetts.

If there are any questions or concerns , please do not hesitate to reach out.

Sincerely,



February 6<sup>th</sup>, 2020

Broker Name :

Jeffrey Samuels Broker License #2045679

Email: [jeff.samuels@embroker.com](mailto:jeff.samuels@embroker.com) Phone: 845-304-7233

Embroker Insurance Services LLC 844 436 2765 [embroker.com](https://embroker.com)  
24 Shotwell Street, San Francisco CA 94103





## **Record-Keeping Plan by Clean Technique, LLC**

### **Purpose**

In accordance with 935 CMR 500.101(1)(c)(8)(i) and 935 CMR 500.105(1)(g), Clean Technique LLC (“Clean Technique”)<sup>1</sup> submits the following summary of operating policies and procedures for ensuring accurate recordkeeping (“Recordkeeping Plan”), which, as described below and in compliance with 935 CMR 500.105(1)(g), constitutes detailed, written operating requirements that meet and exceed the recordkeeping requirements set forth in 935 CMR 500.105(8)-(9), 935 CMR 500.105(1)(a)-(r), 935 CMR 500.130(5), and 935 CMR 500.105(12).

The Recordkeeping Plan is designed so that all Clean Technique employees and Marijuana Establishment Agents know their role in recording and maintaining records. All employees will be required to sign a records retention plan acknowledgement form, indicating that they have reviewed and understand record keeping procedures. This plan will summarize how Clean Technique will create, store, and dispose of various types of records.

### **Key Staff**

This Recordkeeping Plan will be implemented and enforced, by the Vice President of Technical Operations & Manufacturing, the Director of Regulatory Affairs & Compliance, and the Office Administrator. These individuals will be collectively responsible for:

- Ensuring that records are organized, to facilitate proper and timely retrieval of records, and to document program compliance;
  - Managing compliant physical and computerized records, conducting collectively, record reviews and audits, updating the record keeping SOPs;
  - Maintaining a robust, transparent set of records for Applicant’s facility;
  - Managing training and education for employees, and ensuring that all registered agents comply with defined policies, procedures, and regulations; and
- Fulfilling record requests by the Commission and law enforcement.

### **General Recordkeeping Requirements and Procedures**

Clean Technique will keep detailed and accurate written records concerning all aspects of its business. As set forth in 935 CMR 500.105(9) and described in greater detail below, records will be subject to inspection by the Commission upon request. These records will include, but are not limited to: (i) written operating procedures (935 CMR 500.105(1)(a)-(r)); (ii) inventory records (935 CMR 500.105(9)(b)); (iii) Seed-to-Sale tracking

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<sup>1</sup>Unless otherwise noted, all terms and phrases referenced herein shall have the meaning accorded to them in the Adult Use of Marijuana Regulations adopted by the Cannabis Control Commission. See <https://www.mass.gov/doc/935-cmr-500-adult-use-of-marijuana/download>.

records for all Marijuana Products (935 CMR 500.105(9)(c)); (iv) personnel records (935 CMR 500.105(9)(d)(1)-(5) and 935 CMR 500.101(1)(c)(8)(g)); (v) business records, including all financial records (935 CMR 500.105(9) and 935 CMR 500.101(1)(c)(8)(j)); and (vi) waste disposal records (935 CMR 500.105(12)).

Clean Technique is mindful that, under 935 CMR 500.301(1) and (3)-(4) and 935 CMR 500.302(1), the Commission or its agents may inspect its written records at any time, without prior notice, to assure compliance. In the event that Clean Technique should ever close for business, all records will be maintained for at least two (2) years thereafter at Clean Technique's expense and in a form and location acceptable to the Commission, as required by 935 CMR 500.105(9)(g). In that connection, Clean Technique will identify and provide telephone, address, and electronic contact information for a primary and secondary person to facilitate future record reviews in accordance with the approved closing plan.

Clean Technique will, as required by 935 CMR 500.104(2), keep current all information required by 935 CMR 500.000 (the Adult Use of Marijuana Act) or otherwise required by the Commission, and will report any changes in or additions to the content of the information contained in any document to the Commission within five (5) business days after such change or addition is made.

### **Record Creation & Storage**

Clean Technique's records will be kept in paper and computerized formats (as authorized by 935 CMR 500.105(9)(e) and as summarized below). Clean Technique will employ METRC as its inventory tracking system along with Flourish, a Commission-compliant inventory software. Flourish will be fully integrated with METRC to ensure transparency and efficiency in all records handling, together with compliance with 935 CMR 500.105(8) and (9) as stated below under the Inventory & Sales Records section.

In order to comply with this Recordkeeping Plan, Clean Technique will also employ the services of Iron Mountain, a records storage and information management services company, on an as-needed basis to, among other things:

- Sort Clean Technique's onsite records inventory;
- Purge, pack and point-to-point transfer cartons and files from the Clean Technique facility to an Iron Mountain Record Center;
- Pack Clean Technique's records into standard Iron Mountain RFID-ready storage cartons and collect metadata to describe their contents – with an option to individually list each file in the carton - if desired; and
- Securely shred records that have reached the end of their retention period.

The foregoing will further be employed in accordance with Clean Technique's Document Retention Policy (attached here) which sets forth: (i) detailed procedures for obtaining employee attestation to the document retention policy; (ii) how documents are to be managed, including when

there is a litigation hold; and (iii) proper methods for destroying documents once their retention periods have expired (as set forth in a detailed chart included under the Appendix).

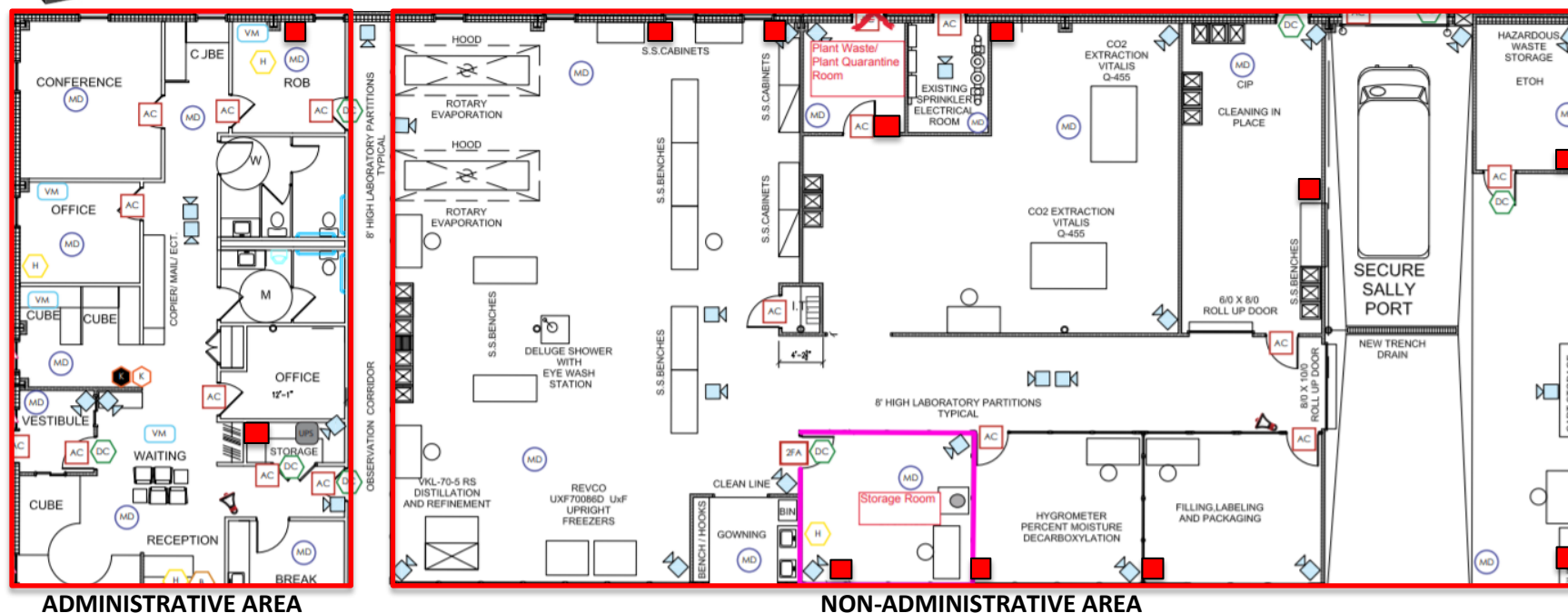
## Physical Records

All physical records will be securely stored in Fireking Lateral Fire-Resistant File Cabinets (2 Drawer). Each cabinet will be UL Class 350 rated at 1,700°F for 1 hour, and will be pick, drill, impact, explosion and water resistant. Each cabinet will further have gypsum insulated walls that are reinforced with 14-gauge welded steel wire, and each cabinet drawer will have a lock bypass lever which allows access to certain drawers while others remain locked.

Twelve (12) Individual Fireking cabinets will be placed throughout the facility (as depicted on the cropped Site Plan below), and will be accessible only to authorized Clean Technique employees:



Fireking Lateral Fire-Resistant File Cabinet (2 Drawer)



Vendor-specific documents will be stored and categorized by vendor and date of record creation. Production batch records, sales receipts, shipping manifests, inventory audit reports, quarantine records, waste and destruction records, and other internal documents and files will be stored chronologically and by document type.

Specifically, all physical records will be stored in the Clean Technique facility as follows:

**Two (2) Fireking cabinets (as described above) will be housed inside of the Administrative Area.**

- One (1) will be located in the Storage room and will contain, among others: all administrative records including: Employee/personnel/training records excluding all records deemed “Confidential Records” as defined later in this plan; infrastructural records; office & IT equipment related records; administrative expenditures; janitorial records, and pest control records).
- One (1) will be located inside The VP of Technical Operations and Manufacturing (Rob's) office and will contain all proprietary and Confidential Records (defined later in this plan); all documents and records relating to audit(s) including the company's tax audits, and all documents and records relating to Clean Technique's security apparatus including all security system records and visitor logs.

**The other ten (10) Fireking cabinets (as described above) will be placed in various locations throughout the non-administrative area:**

- Two (2) inside the west facing wall of the refinement area to contain all refinement associated records (Rotovap/Distillation hardware IQ/OQ/PQ, maintenance, run log(s), -80c Freezer maintenance and daily temperature logs)
- One (1) in the extraction room, to contain all extraction associated records (Vitalis(') IQ/OQ/PQ, maintenance logs and run log(s))
- One (1) in the Storage Room to contain all incoming biomass records, all analytical result records, in-process batch records and any records associated with finished product(s). Refrigerator maintenance and daily temperature logs will also be stored here
- One (1) in the Decarboxylation room to contain all decarboxylation associated records (Oven/Unit IQ/OQ/PQ, maintenance logs and run log(s))
- One (1) in Filling/Packaging room to contain all filling and packaging associated records (Cartridge filling HW IQ/OQ/PQ, maintenance records, and run logs; auto labeler HW IQ/OQ/PQ, maintenance records; packaging event log(s))
- One (1) along the northeast facing end of the Sally Port to contain all records related to incoming deliveries of biomass (CTF04 Clean Technique Raw Cannabis Receiver Manifest), outgoing shipments of Clean Technique's Finished Products (CTF05 Clean Technique Marijuana Product Shipping Manifest) and ancillary records related to the non-administrative area (CIP detergent invoices for example)
- One (1) in the Hazardous Waste (Ethanol) storage room to contain all records associated with the incoming of fresh Ethanol drums and the disposal of Waste Ethanol.
- One (1) in the Plant Waste/Plant Quarantine room to contain all records related to the incoming and outgoing of Plant waste material as well as all records related to product quarantine (*i.e.*, Product Recall Log).
- One (1) in the CIP (Cleaning In Place) room to contain all records related to automated glassware/stainless steel cleaning hardware (IQ/OQ/PQ, maintenance and run log(s)).

Physical records may be scanned and stored as duplicate electronic files. The employee or Marijuana Establishment Agent responsible for scanning the document will also record in a log that the document has been duplicated and stored electronically. All hard copy records will be kept for no less than two (2) years, unless mandated otherwise by the Commission, the laws and rules of the Commonwealth, or the procedures stated herein.

### **Computerized Records**

As part of its recordkeeping protocol, Clean Technique will upload and maintain digital records to the Company computer system stored in the IT room located in the center of the Non-Administrative Areas (*see the Site Plan above*), and will also utilize Iron Mountain's Scanning and Digital file storage services for offsite electronic file storage and retention. In furtherance of this Recordkeeping Plan, an authorized Marijuana Establishment Agent will scan and digitalize all paper documents and records, to be maintained in accordance with 935 CMR 500.105(9), which will then be saved in a computerized filed folder, properly labeled and organized. When the original version of a document or record is in digital form, it will be saved in the appropriate computerized folder. All digital records will be stored and maintained in such a way as to: protect confidentiality, enable access to the Commission for audits, protect against unauthorized changes to data, and provide an audit trail to monitor all modifications to records. As further explained below, caution will be taken to ensure that records and confidential information are protected and available only to authorized employees and Marijuana Establishment Agents, including the Vice President of Technical Operations & Manufacturing, the Director of Regulatory Affairs & Compliance, and the Office Administrator (under certain circumstances) in order to prevent any improper disclosure, alterations, or deletions, as required by 935 CMR 500.105(1)(I). All digital records will also be properly backed-up on-site using Syncplicity to ensure that no records are permanently lost.

To safeguard computerized records, Clean Technique will institute Internet Protocol (IP) Security using the IT security provider Comodo. Comodo will provide us with IT management to shield all company computers and apps from malware-infected devices and to prevent malware from entering our network(s). Comodo's services will also include antivirus software, free and paid SSL certificates, Internet Security, mobile device management and firewall protection. We will also implement a Virtual Private Network (VPN) to secure our internal networks and make sure that only authorized users are accessing them remotely. This will prevent our employees from accessing our network through an open, unprotected connection. With a VPN, employees who are working remotely can access the company network from their home Wi-Fi without worry of an external security breach or a hacker "piggybacking" of a user on an unsecured network.

Computerized records will be encrypted, and only accessible by the key staff identified above. All employees involved in the recordkeeping process will receive training from the VP of Technical Operations & Manufacturing and/or the Director of Regulatory and Compliance on proper record keeping procedures, including compliance and confidentiality. All digital records will be kept for no less than one (1) year, unless mandated otherwise by the Commission, the laws and rules of the Commonwealth, or the procedures stated herein.

### **Recordkeeping of Written Operating Procedures**

In accordance with 935 CMR 500.105(9)(a), Clean Technique will have and adhere to a set of detailed written operating procedures, as required by 935 CMR 500.105(1), which include, at a minimum: (a) security measures in compliance with 935 CMR 500.110, (b) employee security policies, including personal safety and crime prevention techniques (as further described in Clean Technique's Security Plan); (c) a description of Clean Technique's hours of operation and after-hours contact information; (d) storage and waste disposal of Marijuana in compliance with 935 CMR 500.105(11) (as further described in Clean Technique's Storage Plan); (e) a description of the various strains of Marijuana to be processed or sold, and the forms in which such Marijuana will be sold; (f) price list for all Marijuana and Marijuana products to be sold by Clean Technique, (g) the Recordkeeping Plan and all such related documents and records; (h) plans for quality control as per 935 CMR 500.160 (and as further described in Clean Technique's Quality Control and Testing Plan); (i) a staffing plan and all staffing records in compliance with 935 CMR 500.105(9)(d) (as further described in Clean Technique's Personnel Policies); (j) emergency procedures, including a disaster plan with procedures to be followed in case of fire or other emergencies; (k) alcohol, smoke, and drug-free workplace policies; (l) a plan describing how confidential information will be maintained (as further described below); (m) a policy for the dismissal of any Marijuana Establishment Agent who has diverted marijuana, engaged in unsafe practices, or has been convicted or entered a guilty plea, plea of nolo contendere, or admission to sufficient facts of a felony drug offense involving distribution to a minor in the Commonwealth, (as further described in Clean Technique's Personnel Policies); (n) a list of all Clean Technique principals, executives, and members; (o) policies concerning Clean Technique's cash management procedures; (p) policies to prevent the diversion of marijuana to individuals younger than 21 years old (as further described in Clean Technique's Plan to Prevent Diversion of Marijuana); (q) policies and procedures for energy conservation that includes, at a minimum, (1) identification of potential energy use reduction opportunities, (2) consideration of opportunities for renewable energy generation; (3) strategies to reduce electric demand; and (4) engagement with energy efficiency programs offered pursuant to M.G.L. c. 25 § 21, or through municipal lighting plants; and (r) policies to promote workplace safety in accordance with the Occupational Safety and Health Administration.

As a Marijuana Product Manufacturer, Clean Technique's recordkeeping policies and procedures will meet and transcend the requirements of 935 CMR 500.105(1) and include, as required by 935 CMR 500.130(5), additional written policies and procedures for the production and distribution of Marijuana Products. This includes policies and procedures regarding, among other things: (a) methods to identify, record, and report diversion, theft or loss, and to correct any errors or inaccuracies in inventories; (b) handling voluntary and mandatory recalls of Marijuana Products; (c) methods to ensure that any outdated, damaged, deteriorated, mislabeled, or contaminated Marijuana Products are segregated from other products and appropriately destroyed and or otherwise disposed of, in accordance with Clean Technique's Storage Plan and 935 CMR 500.105(12); (d) transportation; (e) reduction of energy and water usage and efforts to engage in energy conservation in compliance with 935 CMR 500.105(15); (f) the transfer, acquisition, or sale of Marijuana Products between Marijuana Establishments; (g) proper preparation, handling, and storage of all Edible Marijuana Products in compliance with the sanitation requirements in 105 CMR 590.000: State Sanitary Code Chapter X: Minimum Sanitation Standards for Food Establishments, and with the requirements for food handlers specified in 105 CMR 300.000: Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements; and (h) maintenance of a product catalogue identifying all types of Marijuana Products actively manufactured at the facility.

#### **Seed-to-Sale Tracking, Quality Control, and Inventory Records**

As required by 935 CMR 500.109(b), inventory records will be created and maintained in compliance with 935 CMR 500.105(8). This will include results obtained through lab sampling and testing, tracking the flow of the product up through and including the transport to a transporter or a retail facility. Clean Technique will provide for the documentation of inventory control, using the Flourish Seed-to-Sale tracking system, in accordance with METRC requirements as required by 935 CMR 500.105(8)(d), thus meeting the seed-to-sale tracking requirements for record retention in accordance with 935 CMR 500.109(c).

Clean Technique will conduct daily, monthly, and annual inventory reviews, pursuant to 935 CMR 500.105(8)(c)(2)-(3), to minimize the likelihood and scope of any discrepancies in inventory. Such inventory reviews will be documented in written records, which, pursuant to 935 CMR 500.105(8)(d), will include, at a minimum: the date of the inventory, a detailed summary of the inventory findings, and the names, signatures, and titles of the individuals who conducted the inventory review. In particular, manufacturing, packaging, labeling and holding operations will keep written records for each shipment of component, packaging component, Marijuana, and Marijuana-derived product received from another company or individual; electronic records of all such information will also be generated and maintained in Flourish – the responsibility for which is with Clean Technique’s Vice President of Technical Operations & Manufacturing and any other authorized Marijuana Establishment Agent. Clean Technique’s Vice President of Technical Operations & Manufacturing and other authorized Marijuana Establishment Agents will also be responsible for maintaining and updating hard copies of all such inventory records, including all daily, monthly, and annual written inventory reports, and all seed-to-sale tracking records, all of which will be stored in locked, secure storage and made available to the Commission and law enforcement authorities upon request pursuant to 935 CMR 500.105(9)(b)-(c).

Some examples of record keeping logs that Clean Technique will maintain, are as follows, with samples exhibited beneath:

- Pest and Disease Control Log;
- Equipment Maintenance Log;
- Master Inventory Log.



### Pest Control Log

Pest Control Company	Date of Service	Description of Pest	Action Taken (Y/N)	Location of Traps and/or Treatment	Date Trap was checked	Checked by:

CTF09 V.01 Pest Control Log



### Equipment Maintenance Log

Clean Technique Control No.	
Description	
Serial No.	
Location	

Use ONLY blue or black ball-point ink  
Be sure to write NA where appropriate

Daily	Task	Description	Initials	Date
Weekly				
Monthly				
Additional				

CTF10 V.01 Equipment Maintenance Log





## Master Inventory Log

Inventory ID	Name	Description	Quantity in Stock	Reorder /Replace Level	Reorder Time in Days	Quantity in Reorder	Note	Discontinued ?
CTF02 V.01 Master Inventory Log								

For further information on Clean Technique's inventory record-keeping, please refer to Clean Technique's Inventory Plan.

Clean Technique will also require that best practice testing and quality control protocols are implemented and understood by all members of the facility. Meeting and exceeding the requirements of 935 CMR 500.101(1)(c)(8)(f) and 935 CMR 500.105(1)(h), to ensure that all Marijuana products produced by Clean Technique meet the highest quality standards and regulation, Clean Technique will make sure that the written operating procedures for quality testing and control include at a minimum:

- A policy for responding to laboratory results that indicate contaminant levels are above acceptable limits established pursuant to 935 CMR 500.160(1) that:
  - requires individual notification by Clean Technique to the Commission within 72 hours of any laboratory testing results indicating that the contamination cannot be remediated and disposal of the Production Batch is necessary, describing a proposed plan of action for both the destruction of the contaminated product and the assessment of the source of contamination;
  - requires individual notification by Clean Technique to the Commission of any information regarding contamination as specified by the Commission or immediately upon request by the Commission;
- A mandatory review of the batch production records.
- Results of all tests and examinations of components used through in-process materials, the finished product, and all packaging and

labeling;

- Written approval or rejection of the batch and reasons for rejection; and
- Documentation of any required material review, inventory reconciliation and disposition, and any other documentation required by the Commission.

All testing results pertaining to Marijuana and Marijuana products, including Clean Technique's in-house testing results (where applicable) and the results of all testing by our contracted Independent Testing Laboratory (Pro Verde), will be retained electronically and backed up using Syncplicity, and will be retained in physical form within a Fireking cabinet located in the secure storage room in the non-administrative area (as depicted in the Site Plan above), for at least one (1) year, as required by 935 CMR 500.160(4).

And pursuant to 935 CMR 500.130(4), prior to the sale or transfer of Marijuana and Marijuana products, Clean Technique will document its compliance with all testing requirements of 935 CMR 500.160 and the guidance provided by *Protocol for Sampling and Analysis of Finished Medical Marijuana Products and Marijuana-infused Products* (see [https://www.mass.gov/files/documents/2018/12/21/Protocol%20for%20Sampling\\_0.pdf](https://www.mass.gov/files/documents/2018/12/21/Protocol%20for%20Sampling_0.pdf)), including testing for contaminated products in accordance with 935 CMR 500.105(1)(h). Such compliance records will be maintained in the same manner as the records pertaining to testing results as described above. For further information pertaining to Clean Technique's policies and procedures regarding quality and control testing of Marijuana, please see its Quality and Control Testing Plan.

### **Personnel Records**

As required by 935 CMR 500.105(9)(d)(3)-(4), Clean Technique will maintain a staffing plan that will demonstrate accessible business hours and safe manufacturing conditions, as well as all personnel policies and procedures. In compliance with 935 CMR 500.105(9)(d)(1)-(2), Clean Technique will further maintain thorough, up-to-date personnel records for all of its staff and employees, including: (i) detailed job descriptions (together with written organizational charts consistent with all such job descriptions) for each employee and volunteer (if any); and (ii) personnel records for Marijuana Establishment Agents employed or otherwise retained by Clean Technique, which must be maintained for at least twelve (12) months after termination of their affiliation with Clean Technique. As required by 935 CMR 500.105(9)(d)(2)(a)-(g), personnel records for Marijuana Establishment Agents will include, at a minimum, the following information: all materials submitted to the Commission in connection with a Marijuana Establishment Agent's registration, pursuant to 935 CMR 500.030(2); documentation of verification of references; an employment contract or job description, which includes duties, authority, responsibilities, qualifications, and supervision; documentation of all required training, including training regarding the maintenance of records (935 CMR 500.105(2)(b)(7)(e)(xii), privacy, confidentiality requirements, and the signed statement of the individual indicating the date, time, and place he or she received said training and the topics discussed, including the name and title of presenters; documentation of all periodic performance evaluations; records of all disciplinary actions taken; and notice of completed responsible vendor and eight-hour related duty training.

In an effort to ensure the protection of all Clean Technique personnel and to prevent against diversion or theft of Marijuana and Marijuana

products, Clean Technique will also maintain an internal, confidential registry of all Marijuana Establishment Agents, volunteers, and employees that work at its facility. The registry and all related records (including copies of each individual's background check report and government-issued identification), will be made available for inspection by law enforcement or the Commission, upon request, for purposes of determining compliance with all laws and regulations of the Commonwealth and the City of Westfield. Clean Technique's registry will include, but not be limited to, the following information:

- Each individual's complete name, age, address, and last known telephone number;
- Brief description of each individual's responsibilities and duties as an employee or agent of Clean Technique; and
- Each individual's hire date and, if applicable, date of termination (and a brief description of the reason for termination).

Clean Technique will never employ an individual less than 21 years of age, nor allow an individual less than 21 years of age to volunteer with Clean Technique. A copy of a government-issued identification showing the employee or volunteer's age and photograph will be taken and placed in the agent/employee or volunteer's file immediately upon their hiring. As required by 935 CMR 500.105(9)(d)(5), all personnel records will also contain all background check reports in accordance with M.G.L c. 6 § 172, 935 CMR 500.029, 935 CMR 500.030, and 803 CMR 2.00: Criminal Offender Record Information ("CORI"). For further information concerning Clean Technique's personnel policies and procedures, please see Clean Technique's Personnel Policy.

### **Business and Financial Records**

Pursuant to 935 CMR 500.105(9)(e)(1)-(5), Clean Technique will maintain comprehensive written business and financial records at all times, including computerized records, of the company's: (i) assets and liabilities; monetary transactions; books of accounts, including journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers; sales records and shipping manifests, including the quantity, form, and cost of Marijuana Products; and salary, stipends, and wages paid to each employee or member, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with Clean Technique. In this connection, Clean Technique will utilize Quickbooks to maintain its business and financial records, and only authorized Marijuana Establishment Agents and the VP of Finance will have access to the records.

As is required under 935 CMR 500.105(9), and as set forth in Clean Technique's Maintenance of Financial Records Plan, all financial records will be maintained in accordance with generally accepted accounting principles ("GAAP"). Clean Technique will also retain Indiva Advisors LLP ("Indiva Advisors"), a premier cannabis accounting and advisory firm serving cannabis clients since 2015, to audit Clean Technique's books on a monthly basis in order to prevent accounting errors and to ensure adherence to GAAP. The reviews generated by Indiva Advisors will be kept on file for easy access to the Commission whenever requested. Indiva Advisors will also file all business reports and taxes with the City of Westfield, the Commonwealth of Massachusetts, and the Federal Government, as may be required. Each Clean Technique employee and Marijuana Establishment Agent will also be extensively trained and retrained in all accounting and expense reimbursement procedures in order to minimize all accounting errors to the greatest extent possible. For further information concerning Clean Technique's policies and procedures regarding the

maintenance of its financial records, please see the Maintenance of Financial Records Plan.

### **Facility and Equipment Records**

Clean Technique will create and maintain records related to the facility and equipment. These will include but are not limited to: blueprints, occupancy permits, maps, equipment handbooks, and surveillance system information. As required by 935 CMR 500.110(d), and described in Clean Technique's Insurance Plan, Clean Technique will also keep reports documenting compliance with the continuous liability insurance coverage requirements as stated in 935 CMR 500.105(10), along with any other business insurance records. Clean Technique will keep all vehicle insurance records in compliance with 935 CMR 500.105(13)(c)(1)(b), as noted in Clean Technique's *Transportation Plan*.

Clean Technique will have detailed equipment and supply operations plans, including a lighting power densities (LPD) plan and the implementation of heating, ventilation, air conditioning and dehumidification systems in accordance with all Massachusetts codes, including 780 CMR: *State Building Code*, IECC Section C.403 and 405.3.

### **Waste Disposal and Product Recall Records**

In compliance with 935 CMR 500.105(9)(f), Clean Technique will maintain meticulous waste disposal and product recall records in accordance with 935 CMR 500.105(12). If it is determined that a product is contaminated or otherwise defective, Clean Technique will make sure it is removed from the market and any facilities where it has been transferred. This recall process will begin by requiring authorized employees and Marijuana Establishment Agents to immediately notify the Vice President of Technical Operations & Manufacturing about the contaminated product and to record in a Product Recall Log: the batch number, nature of contamination, date, time, any facilities the product had been transferred to, notes of communications with the facilities, and any other information required by the Commission. A sample of this paper log can be found here:



### Product Recall Log

Use ONLY blue or black ball-point ink  
Be sure to write NA where appropriate

Batch Number	Nature of Contamination	Date and Time	Has this product been shipped offsite? (Y/N)	Received By: (only if answered Y in D2)	Notes of communication with recipient	Reported to the CCC? (Y/N)	Date Reported	Reported By	Initial and Date

CTF11 V.01 Product Recall Log

The product will immediately be segregated from uncontaminated products and will be subsequently disposed of according to regulatory requirements for waste disposal pursuant to 935 CMR 500.105(12).

As required under 935 CMR 500.105(12)(d), Clean Technique will ensure that at least two (2) Marijuana Establishment Agents witness and document how solid waste and organic material (containing Marijuana and without) is handled on-site including, but not limited to, the storage and removal of any such material or waste from Clean Technique's facility. When waste is disposed or handled, Clean Technique will, in compliance with 935 CMR 500.105(12)(d), use Flourish to create and maintain an electronic record of the date, the type and quantity disposed or handled, the manner of disposal or other handling, the location of disposal or other handling, and the names of the two Clean Technique Marijuana Establishment Agents present during the disposal or other handling, with their signatures. A Disposal Log will also be maintained to document the foregoing information concerning disposal of all materials in the Clean Technique facility. A sample of this log can be found below:



### Disposal Log

Use ONLY blue or black ball-point ink  
Be sure to write NA where appropriate

Date and Time	Reason for Disposal	METRC Package Tag ID No.	Quantity	Transportation Company	Driver Name	Vehicle Make	Vehicle Model	Vehicle License Plate #	Initial and Date

CTF12 V.01 Disposal Log

And pursuant to 935 CMR 500.105(12)(d), Clean Technique will retain these records in storage for at least three (3) years, a period of time which will automatically be extended for the duration of any enforcement action and may be extended by an order of the Commission.

### Responsible Vendor Training Records

As required by 935 CMR 500.105(2)(b)(5), Clean Technique will maintain all records concerning its compliance with the Responsible Vendor Training program for a minimum of four (4) years, and will make them available for inspection by the Commission and any other applicable licensing authority upon request, during normal business hours.

### Transportation and Delivery Records

Clean Technique will maintain in electronic and paper form all transportation vehicle records, including documentation of registration, inspection, and insurance, which will be securely stored and made available to the Commission upon request, as required by 935 CMR 500.105(13)(c)(1)(b). A paper copy of all such records will also be kept in each transportation vehicle during transportation of Marijuana and Marijuana products.

Records pertaining to the transportation, shipment, and delivery of Marijuana and Marijuana products to and from Clean Technique, including all shipping manifests (as required by 935 CMR 500.105(13)(f)), Raw Cannabis Receiver Manifests, and Emergency Stop Logs (discussed below), will be documented in Flourish and retained by Clean Technique in hard-copy and/or electronic form, the originals of which will always remain

at the facility locked in a Fireking cabinet along the northeast facing end of the Sally Port (see the Site Plan above). In accordance with 935 CMR 500.105(13)(f)(5), Clean Technique will maintain all shipping manifests at its facility for at least one (1) year and will make them available to the Commission upon request.

In addition, Clean Technique will maintain all Emergency Stop Logs created during an emergency stop of the transportation vehicle pursuant to 935 CMR 500.105(13)(a)(11), which will document: the reason for the stop, the duration of the stop, the location of the stop, and any activities of personnel exiting the vehicle, and any records created during a report of unusual discrepancy in weight or any accidents, diversions, losses, or other reportable incidents within 24 hours of the emergency stop or discovery of the discrepancy as required by 935 CMR 500.105(13)(b).

CLEAN TECHNIQUE MARIJUANA PRODUCT SHIPPING MANIFEST																							
Use blue or black permanent ink for all items																							
METRC Package Tag ID# NUMBER:	<div style="border: 1px solid black; padding: 2px; font-size: x-small;">TEST FACILITY</div>	METAL																					
ATTACHED PAGE(S)?	<input type="checkbox"/> YES <input type="checkbox"/> NO	Number of attached pages _____	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">ACTUAL DATE &amp; TIME OF DEPARTURE</td> <td style="width: 10%; text-align: center;">/</td> <td style="width: 10%; text-align: center;">/</td> <td style="width: 10%; text-align: center;"><input type="checkbox"/></td> <td style="width: 10%;">AM</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td>PM</td> </tr> <tr> <td>ACTUAL DATE &amp; TIME OF RECEIVAL</td> <td style="text-align: center;">/</td> <td style="text-align: center;">/</td> <td style="text-align: center;"><input type="checkbox"/></td> <td>AM</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td>PM</td> </tr> </table>	ACTUAL DATE & TIME OF DEPARTURE	/	/	<input type="checkbox"/>	AM				<input type="checkbox"/>	PM	ACTUAL DATE & TIME OF RECEIVAL	/	/	<input type="checkbox"/>	AM				<input type="checkbox"/>	PM
ACTUAL DATE & TIME OF DEPARTURE	/	/	<input type="checkbox"/>	AM																			
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SHIPPER INFORMATION																							
Shipper Name																							
Shipper Address																							
Shipper Phone #																							
Shipper Registration #																							
Prepared By:																							
Product Type	Winterized Oil / Distillate																						
End Product	Bulk / Dispensed																						
Dispensed Unit	NA / Cartridge / Capsule																						
Weight Per Unit																							
Number of Units Shipped																							
Total Shipping Package Weight at Departure																							
Authorized Signature																							
TRANSPORTATION AGENT INFORMATION																							
Transport Company Name																							
Transport Company Registration #																							
Driver #1 Name																							
Driver #2 Name																							
Vehicle Make																							
Vehicle Model																							
Vehicle License Plate #																							
Vehicle Mileage at Departure																							
Vehicle Mileage upon Delivery																							
RECIPIENT INFORMATION																							
Recipient Name																							
Recipient Address																							
Recipient Phone #																							
Recipient Shipper Registration #																							
Recipient Contact Name																							
Number of Units Shipped																							
Total Shipping Package Weight at Arrival																							
Authorized Signature																							
CTF05																							

# CLEAN TECHNIQUE RAW CANNABIS RECEIVER MANIFEST

Use blue or black permanent ink for all items

INVLOICE / MANIFEST NUMBER:				ACTUAL DATE & TIME OF DEPARTURE	/	/	AM PM
METRC Package ID #							
ATTACHED PAGE(S)?	YES NO	Number of attached pages:		ACTUAL DATE & TIME OF RECEIVAL	/	/	AM PM

SHIPPER INFORMATION	
Client Name	
Client Contact Name	
Client Contact Phone #	
Driver Name	
Cannabis Transportation License #	
Vehicle Make	
Vehicle Model	
Vehicle License Plate #	

PRODUCT SHIPPED DETAILS (please attach additional pages if needed)	
Biomass Strain	
Biomass Type	
Number of Packages Shipped	
Anticipated/Shipped Weight per Package	
Actual Number of Packages Shipped	

PRODUCT RECEIPT REJECTION	
IF PRODUCTS ARE ARE REJECTED, PLEASE CIRCLE THE ITEM(S) BEING REJECTED IN THE PRODUCT SHIPPED DETAILS SECTION ABOVE	
REASON FOR REJECTION:	

PRODUCT RECEIPT CONFIRMATION			
I CONFIRM THAT THE CONTENTS OF THIS SHIPMENT MATCH IN DESCRIPTION AND COUNT AS INDICATED ABOVE.			
I AGREE TO TAKE CUSTODY OF ALL ITEMS AS INDICATED RECEIVED ABOVE - AND WHICH ARE NOT CIRCLED.			
THE PRODUCTS CIRCLED ABOVE ARE REJECTED FOR DELIVERY AND REMAIN IN CUSTODY OF CLEAN TECHNIQUE FOR RETURN TO THE			
NAME OF PERSON DELIVERING		PHONE NUMBER:	
PRODUCT:		DATE SIGNED:	
SIGNATURE OF PERSON DELIVERING		PHONE NUMBER:	
NAME OF PERSON RECEIVING		DATE SIGNED:	
SIGNATURE OF PERSON RECEIVING			

CTF04





### Transportation Emergency Stop Log

Use ONLY blue or black ballpoint ink.  
Be sure to write N/A where appropriate.

Date and Time	Reason for Stop	Duration of Stop	Location of Stop	Name of Driver #1	Name of Driver #2	Did any transportation personnel exit the vehicle? (Y/N)	Activities of personnel exiting the vehicle	Vehicle Make	Vehicle Model	Vehicle License Plate #	Initial and Date

CTF 13 V.01 Transportation Emergency Stop Log

### Security and Video Recording Records

As per 935 CMR 500.110(9)(a), Clean Technique will notify appropriate Law Enforcement Authorities and the Commission of any breach of security or other reportable incident defined in 935 CMR 500.110(9) within 24 hours following discovery of the breach or incident. Among other instances, this notification is required any time Clean Technique detects any loss or unauthorized alteration of its records related to Marijuana, as required by 935 CMR 500.110(9)(a)(6). Clean Technique will, within ten (10) days, create an incident report, as required by 935 CMR 500.110(9)(b), in a form and manner determined by the Commission which details the circumstances of the event, any corrective actions taken, and confirmation that the appropriate law enforcement authorities were notified. And in compliance with 935 CMR 500.110(9)(c), Clean Technique will maintain all documentation related to an incident that is reportable pursuant to 935 CMR 500.110(9)(a) for a minimum of one year or the duration of an open investigation, whichever is longer, and made available to the Commission and Law Enforcement Authorities within their lawful jurisdiction on request. Further, in accordance with 935 CMR 500.110(5)(a)(5), all recordings from all video cameras enabled to record 24 hours each day in the Clean Technique facility will be made immediately available to the Commission upon request for at least the preceding 90 calendar days or the duration of a request to preserve the recordings for a specified period of time made by the Commission, whichever is longer. If Clean Technique is aware of a pending criminal, civil or administrative investigation or legal proceeding for which a video recording may contain relevant information, it will not destroy or alter such recording, and will retain it for as long as necessary pursuant to 935 CMR 500.110(5)(a)(5). And in accordance with 935 CMR 500.110(5)(b), Clean Technique will ensure that all security related documents and security system recordings and data are in the Fireking cabinet located within the office denoted "Rob" on the Site Plan (*i.e.*, the office of the Vice President of Technical Operations & Manufacturing) so as to prevent theft, loss, destruction and alterations.

## Confidential Records

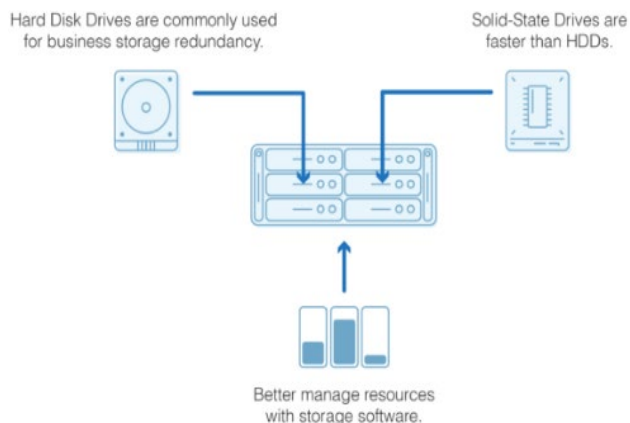
In accordance with 935 CMR 500.105(1)(I), Clean Technique will exercise caution and discretion in the preservation and maintenance of any and all confidential records, including, but not limited to Confidential Application Materials<sup>2</sup> and Confidential Investigatory Materials.<sup>3</sup> These confidential records will be electronically stored in a secure Storage Array,<sup>4</sup> accessible only to Vice President-level employees and the Security Manager (under limited circumstances). For any confidential records or information in physical form, Clean Technique will store such items in the Fireking cabinet located within the office denoted “Rob” on the Site Plan (*i.e.*, the office of the Vice President of Technical Operations &

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<sup>2</sup>Defined in the Commission’s regulations as “any electronic or written document, communication or other record pertaining to an application for licensure or registration that is required to be confidential or protected from disclosure by law which includes, but is not limited to, personally identifiable information concerning an applicant, Registrant, or Licensee; background check information or Criminal Offender Record Information (CORI) as defined by 803 CMR 2.02: Definitions, or Criminal History Record Information (CHRI) as defined by 803 CMR 7.02: Definitions; and information that implicates security concerns.”

<sup>3</sup>Defined in the Commission’s regulations as “any electronic or written document, communication or other record pertaining to an investigation, which concerns: (a) a possible violation of a statute, regulation, rule, practice or procedure, or professional or industry standard, administered or enforced by the Commission; (b) an ongoing investigation that could alert subjects to the activities of an investigation; (c) any details in witness statements, which if released create a grave risk of directly or indirectly identifying a private citizen who volunteers as a witness; (d) investigative techniques the disclosure of which would prejudice the Commission’s future investigative efforts or pose a risk to the public health, safety or welfare; or (e) the background of any person the disclosure of which would constitute an unwarranted invasion of personal privacy.”

## What Is a Storage Array?



Manufacturing).

### **Record Requests**

As required by 935 CMR 500.105(9), records, including all information that may be relevant to a Commission inspection or an investigation of any incident or complaint, will promptly be made available to the Commission and when applicable, law enforcement, upon request. Authorized Clean Technique Marijuana Establishment Agents and employees will coordinate with one another to locate and release the requested information to the Commission as soon as possible but no later than the end of the business day upon which the information is requested, unless the Commission grants more time to complete the request (935 CMR 500.105(9); 500.301(1), (3-4)). All other parties requesting or requiring records will receive a timely response from an authorized Marijuana Establishment Agent or employee within one business day or in accordance with other mandates.

Every record request must be documented and retained in a locked, fire-proof cabinet located within a secure records room along with a copy of all records that were released in connection with such request.

### **Record Destruction**

Records will not be intentionally damaged, altered, disposed of, or removed except by explicit authorization from the Vice President of Technical Operations & Manufacturing or other authorized Clean Technique Marijuana Establishment Agents and employees in accordance with this Recordkeeping Plan and Clean Technique's Document Retention Policy (attached here) or as otherwise directed by the Commission.

The Vice President of Technical Operations & Manufacturing is responsible for identifying which, if any, records must be destroyed and for overseeing their destruction. Duplicate physical documents printed for use in operations, documents with incorrect information, and other unnecessary documents are all examples of documents that can and should be destroyed in order to limit the amount of paper records in storage to pertinent documentation. Destruction of all physical records and other business documents will be accomplished by cross-shredding.

## **Maintenance of Financial Records Plan by Clean Technique, LLC**

### **Purpose**

In accordance with 935 CMR 500.101(1)(c)(8)(j), Clean Technique LLC ("Clean Technique") submits the following plan regarding its policies and procedures for maintaining and making available to the Commission for inspection upon request, detailed business and financial records regarding its operations "Maintenance of Financial Records Plan").

The policies and procedures set forth herein will be utilized by registered marijuana establishment agents (herein, referred to as "Marijuana Establishment Agents") to ensure that the financial records of Clean Technique are maintained in accordance with generally accepted accounting principles ("GAAP") as required by 935 CMR 500.105(9). Clean Technique's Vice President of Finance and its contracted third-party accountant, Indiva Advisors LLP ("Indiva Advisors"), a premier cannabis accounting and advisory firm serving cannabis clients since 2015, will oversee the maintenance and storage of Clean Technique's financial and business records to ensure compliance with 935 CMR 500.105(9)(e) (Recordkeeping of Business Records) and 935 CMR 500.105(9)(g) (Retention of Records). As reflected in Clean Technique's Document Retention Policy (annexed to its Recordkeeping Plan), all financial records will be maintained for a period of at least seven (7) years unless otherwise required by the Commission, and will be made available to the Commission upon request.

### **Requirements for the Maintenance of Financial Records**

As required by 935 CMR 500.105(9)(e)(1)-(5), Clean Technique will securely maintain and store records of all business and financial transactions in electronic and written form, including records of the following:

- assets and liabilities;
- monetary transactions;
- books of accounts, which shall include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
- all records and documentation pertaining to cash transactions;
- sales records including the quantity, form, and cost of marijuana products; and
- salary and wages paid to each employee, stipend paid to each LLC member, executive compensation, bonus, benefit, or item of value paid to any persons having direct or indirect control over Clean Technique.

In furtherance of this Maintenance of Financial Records Plan, an authorized Marijuana Establishment Agent will scan and digitalize all paper invoices, bills, checks, purchase or sale agreements, or other documents relating to business or financial transactions ("Paper Documents"), which will each be saved in a computerized filed folder, searchable, properly labeled, and systematically organized. The Marijuana Establishment Agent will place all paper documents into appropriate folders located within securely locked file cabinets housing documents of the same category. Each folder and file cabinet will be properly labeled and organized for easy retrieval. All financial records will be housed inside a Fireking Lateral Fire-Resistant File Cabinet (2 Drawer) that is UL Class 350 rated at 1,700°F for 1 hour, and will be pick, drill, impact, explosion and water resistant. Each cabinet will have gypsum insulated walls that are reinforced

with 14-gauge welded steel wire, and each cabinet drawer will have a lock bypass lever which allows access to certain drawers while others remain locked. Each file cabinet will be locked and stored in a secure storage area within the office of the Vice President of Technical Operations and Manufacturing, accessible only to authorized Clean Technique employees. For further information as to the secure storage location of on-site business and financial records, please see Clean Technique's Recordkeeping Plan.

When the original version of a document or record is in digital form, it will be saved in the appropriate computerized folder. All digital business and financial records will be properly stored and backed-up using a program called Syncplicity to ensure that no records are permanently lost. In order to comply with this Maintenance of Financial Records Plan, Clean Technique will also employ the services of Iron Mountain, a records storage and information management services company, on an as-needed basis, for offsite storage of physical and electronic records, which may consist of, among other things:

- Sorting Clean Technique's onsite business and financial records inventory;
- Purging, packing and point-to-point transferring of cartons and files from the Clean Technique facility to an Iron Mountain Record Center;
- Packing Clean Technique's financial and business records into standard Iron Mountain RFID-ready storage cartons and collecting metadata to describe their contents – with an option to individually list each file in the carton - if desired; and
- Securely shredding financial and business records that have reached the end of their retention period.

Clean Technique will use Quickbooks accounting software to record all financial transactions including all information pertaining to assets and liabilities; monetary transactions; books of accounts; sales records; and all information concerning employee salaries and wages. Moreover, with Quickbooks's software, Clean Technique will prepare month-end and quarter-end financial statements that will include, among other financial records: a balance sheet; a statement of income; and a statement of cash flows. By maintaining detailed financial records, Clean Technique can make sound economic decisions and ensure the Company's financial viability. All such business and financial records will be reviewed monthly by the Vice President of Finance and Indiva Advisors to ensure accuracy and adherence to GAAP.

Clean Technique will share its financial records with any financial institution where it owns an account, its members and managers, and the city of Westfield, as is necessary. All financial records will also be available to the Commission upon request in a timely manner pursuant to 935 CMR 500.301(1) and (3) and 935 CMR 500.302(1). Clean Technique takes the privacy of its employees, investors and advisors seriously, and it will exercise caution to ensure that records and confidential information are protected and available only to authorized Marijuana Establishment Agents employed by Clean Technique, and to authorized third-parties requesting access to such records, to prevent any improper disclosures, alterations, or deletions pursuant to 935 CMR 500.105(1)(I). Clean Technique understands that financial institutions that serve Marijuana Establishments are subject to additional operational and compliance burdens, and Clean Technique is, therefore, prepared to provide all necessary assistance and documentation to help any such financial institution remain compliant with all relevant FinCEN guidance, such as FIN-2014-G001, and other applicable financial regulations, including the Bank Secrecy Act, as needed.

Clean Technique will keep meticulous records related to taxes due to the Commonwealth pursuant to 830 CMR 63.00, Taxation of Corporations; to the City of Westfield; and to the Federal Government.

Clean Technique's sources of capital and investor list will be maintained in an organized and thorough manner, so that it can anticipate and notify the Commission of any contemplated Ownership or Control Change scenarios pursuant to 935 CMR 500.104(1)(b)(1)-(2). Clean Technique's bankers and legal counsel will hold replicate records of its investor list to ensure efficiency when addressing questions from the Commission and other regulators.

Clean Technique will make and receive payments through bank transfers and wires only, so that the records of such transactions are easy to maintain and retrieve. In the event that Clean Technique does accept any cash payments, such cash will never be stored within the Clean Technique facility, and Clean Technique employees transporting Marijuana or Marijuana products will not be authorized to transport any cash received for a delivery. Rather, any cash payments, in the rare event they are accepted, will be transported and deposited directly by a third-party cash courier to either of Clean Technique's business accounts at Century Bank or GFA Federal Credit Union. In accordance with 935 CMR 500.105(1)(o), the Vice President of Finance will maintain precise records of any cash transactions, including recording when cash is deposited into a Century Bank or GFA Federal Credit Union account, and the amount of such cash, as well as the details of any transportation of cash to a financial institution by a third-party cash courier.

Pursuant to 935 CMR 500.105(2)(a)-(b), Marijuana Establishment Agents employed by Clean Technique who are responsible for any accounting and financial operations will undergo extensive training procedures to ensure prompt and accurate financial record keeping. Clean Technique will impose upon such employees the highest standards of care relating to financial operating procedures, and it will terminate the employment of any employee who shows negligence in recording financial transactions and maintaining records of transactions and books of account. For further information on Clean Technique's employee training programs, please refer to Clean Technique's Qualifications and Training Plan.

In accordance with 935 CMR 500.105(9)(g), following the closure of Clean Technique's facility, all records will be kept for at least two years at the expense of the Clean Technique and in a form and location acceptable to the Commission.

Clean Technique has read and understands the regulations regarding the maintenance of financial records and acknowledges these are pre-operational frameworks for SOPs. Clean Technique is committed to continuously improving the Maintenance of Financial Records Plan upon the commencement of operation in order to ensure compliance.

## Qualifications and Training Plan by Clean Technique, LLC

### Summary Overview

In accordance with 935 CMR 500.101(1)(c)(9), Clean Technique, LLC ("Clean Technique")<sup>1</sup> submits the following description of qualifications and intended trainings for all Marijuana Establishment Agents who either have already been hired or are seeking to be hired as employees ("Qualifications and Training Plan"). This Qualifications and Training Plan sets forth staff employment qualification requirements and identify the training resources committed to delivering desired operational results within the company, namely, the production of consistent, high-quality, and safe Marijuana products for customers.

### Qualifications for Employment

Clean Technique is committed to creating high-quality Marijuana products that adhere to reliable pharmaceutical quality standards in manufacturing and daily operations, using Process Perfect™ -- a proprietary, quality system created by Clean Technique -- and state-of-the-art cannabis extraction and oil refinement technology. In order to achieve this goal and create a thriving cannabis company, members of the Clean Technique team must collectively: (i) share in the company's ethos of providing "quality" as a service; (ii) have prior work expertise in finance and business; and (iii) have a deep understanding and respect for the STEM discipline and data analytics. The founders of Clean Technique team possess these attributes, insofar as:

**Kevin Wong: VP of Sales & Marketing/Co-Founder** - Kevin has 18+ years of experience in the life sciences industry. He was most recently a senior sales consultant for Thermo Fisher Scientific, a Fortune 100 company leading the global market in the manufacture of innovative scientific instruments, providing an extensive sales distribution network, enterprise laboratory management solutions and pharmaceutical contract development and manufacturing. He has a proven track record of success selling consumables and capital equipment in the biotechnology, healthcare and pharmaceutical sector. Using a consultative approach to optimize workflow, Kevin has facilitated the set-up of laboratories in a diverse spectrum, ranging from academic research to large scale pharmaceutical production. He is experienced in managing customer relationships with CRM software such as Salesforce.com. His time in the industry has given him a deep understanding of the supply chain from manufacture and distribution to service and support at the retail level. He holds a Bachelor of Science Degree in Physical Therapy/Exercise Science from Ithaca College and has been trained on Practical Process Improvement (PPI).

#### *Job Description/Responsibilities at Clean Technique:*

- Appoint and Manage a Project Manager
- Appoint and Manage the Vendor Relations Manager
- Appoint and Manage the Account Executive
- Appoint and Manage the Inside Sales & Customer Service Rep
- Appoint and Manage the Sales Support/Customer Service Team
- Appoint and Manage Field Sales Representatives
- Make hiring and termination decisions as a member of the Hiring Committee
- Maintain existing accounts and develop new ones
- Implement CRM software to foster quality, productivity and customer satisfaction and allegiance through comprehensive service and support
- Establish KPI's/metrics to measure customer satisfaction and allegiance
- Establish timing and process for response to customer satisfaction/allegiance feedback
- Determine best work process for lead generation and follow up in sales/marketing
- Determine best work process to ensure marketing strategies are successfully implemented at the field level

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<sup>1</sup>Unless otherwise noted, all terms and phrases referenced herein shall have the meaning accorded to them in the Adult Use of Marijuana Regulations adopted by the Cannabis Control Commission. See <https://www.mass.gov/doc/935-cmr-500-adult-use-of-marijuana/download>.

- Develop core sales/marketing strategies to ensure focused field implementation and strong customer service and support
- Improve effectiveness of order status communication with customers in order to increase transparency with clients
- Lead the data-driven consultation aspect of the company along with the VP of Strategic Business Development

**Robert Pervere: VP of Technical Operations & Manufacturing/Co-Founder** - Robert has 18+ years of experience in Laboratory Diagnostics. He was most recently a Senior Applications Engineer at Siemens Healthineers, a Fortune 100 company in the Healthcare industry. Upon joining Siemens (formerly Bayer), Robert spent 10 years in the R&D laboratory developing disease detecting Immunoassays for use on the ADVIA Centaur & IMMULITE analyzers. He was the co-recipient of the 2013 Siemens Award for Excellence in Healthcare Innovation and was granted two patents (US # 10077376 and 10259969) for his contributions in the development of assay paramagnetic supports in 2018 and 2019. He has extensive experience ensuring proper product development and international regulatory compliance through the creation of stringent cGMP-based Standard Operating Procedures ("SOP"). His familiarity with regulatory audits arms him with deep laboratory management capabilities and a proven track record of successfully transitioning products from R&D to Manufacturing. Robert holds a Bachelor's Degree in Biological Anthropology from Ithaca College, is Six-Sigma Black Belt (SSBB) trained, and has had extensive training using Kepner-Tregoe (a specialized Root Cause analysis and decision-making module).

*Job Description/Responsibilities at Clean Technique:*

- Determine the infrastructure needed with respect to buildings, workspace, hardware/equipment and compliance with Environmental Health and Safety standards.
- Appoint and manage the Director of Regulatory Affairs & Compliance
- Appoint and manage the Office Administrator
- Appoint and manage the Security Manager
- Appoint and manage the Production Manager
- Initially appoint and manage the Production Engineer(s)
- Establish the framework and operational workflow for manufacturing activities.
- Engineering of the Manufacturing Processes
- Hardware Validation and documentation (IQ/OQ/PQ) of new hardware and/or improved processes.
- Review, approve, and/or reject any process deviations
- Establish handling and storage procedures to ensure to prevent labelling errors, or the damage, deterioration, and/or contamination of Marijuana and Marijuana products, in compliance with the Storage Plan.
- Oversee and enforce all employee training requirements and oversee all related recordkeeping practices and requirements, in coordination with the Office Administrator and the HR Administrator employed by TriNet – Clean Technique's third-party human resources provider
- Make hiring and termination decisions as a member of the Hiring Committee
- Update and Maintain the Quality Management System ("QMS") for the manufacturing site.
- Maintain schedules for the adjustment, cleaning, and other maintenance of equipment to ensure that functional specifications are met. Maintenance activities, including the date and individual(s) performing the maintenance activities, are documented.
- Implement and maintain SOP's to prevent contamination of equipment or product by substances that could reasonably be expected to have an adverse effect on product requirements
- Implement and maintain environmental controls as where appropriate. These controls include gowning procedures, cleanliness, personnel clothing/accessories and health & safety requirements.
- Implement and maintain procedures to control environmental conditional effects that could have an adverse effect on product and/or end user requirements.
- Manage working and obsolete SOPs
- Manage all manufacturing processes to ensure high quality products
- Monitor and control process specifications and process risks



- Implement and maintain quality complaint management system
- Implement a CAPA system as part of continuous improvement efforts

**Tym Wowk: VP of Strategic Business Development/Co-Founder** - Tym was most recently employed as a research consultant at the Office of Institutional Advancement at the University of Maryland Baltimore County (UMBC) and the College of Engineering and Information Technology Dean's Office at UMBC on both quantitative and mixed-methods research projects. He has extensive experience in data management and statistical analyses using nationally representative federal datasets such as the ECLS-k, BPS, IPEDS, ELS/NELS, and has presented findings from these projects at the American Education Research Association national conferences. Tym has also been a professor for 13+ years at both public and private universities. As a PhD candidate at UMBC, Tym's dissertation research is comprised of advanced quantitative data analysis using a dataset he merged from the BPS and IPEDS, and theory from the fields of education, sociology, psychology, and economics. His research focuses on factors facilitating the persistence of racial/ethnic minority and low-income community college students. He holds a Bachelor of Arts in Cultural Anthropology from Ithaca College, a Master of Arts in International Policy Studies from the Middlebury Institute of International Studies at Monterey, and a Master of Arts in Teaching English to Speakers of Other Languages from UMBC.

*Job Description/Responsibilities at Clean Technique:*

- Appoint and manage a Project Manager
- Appoint and manage a Research Analyst
- Make hiring and termination decisions as a member of the Hiring Committee
- Analyze internal process data using Stata statistical software to identify areas of continuous improvement
- Analyze external market data collected by data companies to identify areas of continuous improvement
- Compare client demands to market analysis to reduce waste and position customers competitively
- Present customers with a formalized report based upon their expressed, desired product and the applicable market
- Focus on both qualitative and quantitative data collection and analysis to corroborate findings and maximize efficiency
- Identify new potential clients based on fruitful associations to reduce waste of time
- Maximize efficiency for all existing client relationships based on geography, client demands, and manufacturing capacity
- Scout entry points into applicable markets and collaborate with sales team and process team to enter each market
- Set up a measurement framework to test market assumptions
- Scale by analyzing each business deal and fulfilling goals
- Create a support system for future activities concerning deals
- Listen to client perspectives, issues, and problems
- Be involved in professional associations for increased visibility
- Focus on customer satisfaction via adherence to deadlines and guiding clients through the entire process
- Promote Clean Technique's brand through a targeted content marketing campaign of publications and conference presentations

**Cyson Wong: VP of Finance** - Cyson has 12+ years of professional experience in commercial real estate as a private equity investor, lender, developer, broker and has overseen the deployment and management of \$500MM+ in asset value. He has executed roles in both small entrepreneurial companies as well as a public REIT. Most recently, he headed a family office, focusing on acquisitions as well as a managing its existing real estate portfolio. His network and breadth of experience has given him a comprehensive perspective of real estate finance and an ability to identify and take advantage of unique investment opportunities in New York City, an extremely competitive market. Prior to his career in real estate, Cyson was a software developer and has built back-end software, database applications, and graphical user interfaces for both startups and Fortune 500 companies. Cyson holds a Bachelor of Science in Biological Engineering from Cornell University and a Master of Business Administration from The Wharton School at the University of Pennsylvania with a dual major in Finance and Real Estate.

*Job Description/Responsibilities at Clean Technique:*

- Execute the financial strategy of the company
- Manage financial controls and accounting procedures
- Ensure full transparency over the financial performance of the company
- Provide advice on how to increase revenue and reduce costs
- Effectively and clearly communicate potential risks in a timely manner
- Propose action plans to ensure that annual financial objectives are attained
- Lead the preparation of monthly and annual financial plans
- Coordinate and produce all tax documentation as required
- Review and approve all legal documentation
- Lead financial and operational discussions with existing and potential investors

**Office Administrator**

*Qualifications/Education:*

- Must be at least 21 years of age at the time of hire
- High School Diploma and a BSc/BA in office administration or relevant field is preferred
- Proven experience as an office administrator, office assistant or relevant role
- Outstanding communication and interpersonal abilities
- Excellent organizational and leadership skills
- Familiarity with office management procedures and basic accounting principles
- Excellent knowledge of MS Office and Office Management software

*Job Description/Responsibilities at Clean Technique:*

- Coordinate office activities and operations to secure efficiency and compliance to company policies
- Complete and submit to the Commission all necessary application paperwork for employees registering as Marijuana Establishment Agents
- Manage agendas/travel arrangements/appointments etc. for the upper management
- Manage phone calls and correspondence (e-mail, letters, packages etc.)
- Support budgeting and bookkeeping procedures
- Create and update records and databases with personnel, financial and other data
- Track stocks of office supplies and place orders when necessary
- Submit timely reports and prepare presentations/proposals as assigned
- Administer certain employee trainings and properly store all employee training records
- Contact employment candidates to arrange in-person interviews at the Clean Technique Operating Facility located in Westfield Massachusetts
- Oversee the investigational framework of reported suspected violation of company policy, law, or regulation
- Act as the primary company liaison to our Human Resources (HR) Administrator from TriNet
- Participate in hiring and termination decisions as a member of the Hiring Committee
- Upon the termination or resignation of an employee, will remove such their access to Flourish, rescind their access to the Clean Technique facility and collect all keycards/passcodes.

**Security Manager**

*Qualifications/Education:*

- Must be at least 21 years of age at the time of hire
- High School Diploma and a Bachelor's or Associate's Degree in Criminal Justice, Public Administration, or Business. A Bachelor's degree in Computer Science, Cyber Security or a related technical field is preferred.
- Must be physically fit.
- Have good knowledge of security environments and hazards.
- Possess good interpersonal skills.
- Have excellent written and verbal communication skills, leadership and investigation skills

- Has demonstrated a history of prior military experience and/or professional experience in the field of law enforcement and/or retail security operations
- Excellent knowledge of MS Office and Office Management software

***Job Description/Responsibilities at Clean Technique:***

- Check and monitor the access control of the people who are visiting the company.
- Implement Security Protocols
- Create Emergency Response Procedures
- Provide training pertaining to Clean Technique's Security Plan/Protocols
- Supervise tasks or process with high potential for diversion, such as loading and unloading of Marijuana/Marijuana products to/from delivery vehicles
- Make themselves well known to local law enforcement and emergency providers to work in conjunction with them to ensure that safety and security concerns are constantly addressed and continually monitored
- Provide oversight, and continual evaluation of Clean Technique's Security Plan of the company for the continuous improvement of proactive responsiveness to changing safety conditions
- Monitor and report incidents and violations to VP of Technical Operations & Manufacturing and regulatory body as required.
- Supervise Security Staff
- Excellent knowledge of MS Office and Office Management software

***Director of Regulatory & Compliance***

***Qualifications/Education:***

- Must be at least 21 years of age at the time of hire
- Regulatory Affairs Certification (RAC) is preferred but not required
- Have up to 2 years of experience in another highly regulated or similarly related field
- Must have extensive Regulatory knowledge in particular 935 CMR 500.00
- Must be a critical thinker who possesses writing skills and is a good oral communicator.
- Excellent organizational and leadership skills
- Excellent knowledge of MS Office and Office Management software

***Job Description/Responsibilities at Clean Technique:***

- Develop & maintain understanding of the State of Massachusetts 935 CMR 500.000 regulations
- Maintain all applicable licenses required by law. Develop an internal compliance monitoring system
- Develop and manage relationships with all applicable regulatory and compliance agencies.
- Monitor and maintain compliance in manufacturing operations
- Create process maps and standard operating procedures for all processes. Create process validation protocols for all processes using FDA cGMP guidelines
- Work with Management to verify and submit daily, weekly and monthly production and distribution records
- Work with Security to ensure workplace health and safety policies and procedures are followed in compliance with 935 CMR 500.000
- Observe and create measurement systems to promote continuous improvement of lean processes and practices to ensure compliance in accordance with state law and beyond
- Lead investigations into QA/QC issues and conduct root cause analysis and determine corrective actions and future preventative measures.
- Work with project manager and Sale & Marketing to ensure effective communication of product status to clients
- Communicate with corporate compliance office to report any legal concerns, stay abreast of compliance updates, and best practices Conduct environmental assessments of manufacturing operations, to mitigate any risks that could lead to violations, fines and loss of license.
- Develop Quality Assurance/Quality Control standards for critical processes and work with management to ensure open communication and integration with other divisional processes

- Work with Inventory Control to perform regular audits and make recommendations for improvements.
- Assist state and local government auditors and law enforcement with inventory, sales and compliance audits.
- Monitor security cameras and footage if necessary.
- Work with VP of Technical Operations & Manufacturing to, develop and implement an annual employee training program for new and current employees.
- Monitor regulatory changes and make recommendations to operational functions to adhere to those changes
- Willingness to complete all required training and certifications for the position
- Monitor and report incidents and violations to VP of Technical Operations & Manufacturing and regulatory body as required.

### ***Production Manager***

#### ***Qualifications/Education:***

- Must be at least 21 years of age at the time of hire
- High School Diploma and a Bachelor's Degree in Life Sciences
- At least 3 years of relevant experience managing a team of Engineers and/or Technicians
- Have legible Handwriting
- Exceptional Mathematical background
- Pay close attention to detail when following Standard Operating Procedures (SOPs)
- Possess the ability to multitask
- Able to communicate clearly and effectively

#### ***Job Description/Responsibilities at Clean Technique:***

- Appoint and train Production Engineers
- Develop, review and approve the framework for Manufacturing Operations
- Develop, review and approve the process/Hardware Validation and documentation (IQ/OQ/PQ) of new hardware and/or improved processes.
- Implements, reviews, approves or rejects any process deviations
- Equipment Maintenance All equipment used in manufacturing, installation and servicing, or which could impact conformance to product requirements must meet specified requirements and be appropriately designed, constructed, placed and installed to facilitate maintenance, adjustment, cleaning and use.
- Develop, review and approve handling and storage procedures to ensure that labelling errors, damage, deterioration, contamination or other adverse effects to product do not occur.
- Prepare reports, charts, graphs and data summaries on a regular basis
- Excellent knowledge of MS Office and Office Management software

### ***Production Engineer***

#### ***Qualifications/Education:***

- Must be at least 21 years of age at the time of hire
- High School Diploma and a Bachelor's Degree in Life Sciences or equivalent

#### ***Job Description/Responsibilities at Clean Technique:***

- Prepare cannabis material and equipment for CO2 extraction.
- Operate extraction equipment and handle various extraction materials.
- Collect and handle crude oil during/after the extraction process.
- Refinement of extracted crude oil
- Clean extractor, used glassware or any other relevant laboratory equipment.
- Calibrate analytical balances, pH meters and any other relevant test methods of measurement.
- Perform relevant scheduled and routine maintenance tasks.
- Record and plot various process data in order to develop and monitor manufacturing capabilities.
- Prepare reagents, standards and samples for QC testing via HPLC.

- Organize and maintain a clean workstation and overall lab environment.
- Excellent knowledge of MS Office and Office Management software

### ***Project Manager***

#### ***Qualifications/Education:***

- Must be at least 21 years of age at the time of hire
- High School Diploma
- PMP certification is a plus but not required
- Must be a critical thinker who possesses writing skills and is a good oral communicator.
- Must possess proven ability to problem solve
- Must be able to multi-task
- Must be an organized worker with strong interpersonal ability
- Excellent knowledge of MS Office and Office Management software

#### ***Job Description/Responsibilities at Clean Technique:***

- Responsible for overseeing all sales operations for their organization, including providing support where needed to ensure successful business operations.
- Conduct business planning processes to measure performance and ensure optimal workflow
- Maintain accurate sales operations records, help modify existing sales operations processes, create budgets, and allocate resources to reach all sales operations goals.
- Manage CRM and monitor operational performance and lead business meetings to recommend changes to operations.
- Provide strategic sales planning, forecasting at regular intervals, analyzing all sales operations, and modifying them to make them more efficient without sacrificing effectiveness and quality.
- Work with management to increase productivity and facilitate sales operations by educating others on their company offerings.
- Work closely with Business Development team to analyze sales data and identify opportunities and develop strategies to capitalize on them
- Forecast sales pipeline to production and help to plan and schedule production runs accordingly to maximize efficiency
- Work closely with Regulatory Affairs and Compliance to ensure timely and comprehensive resolutions to quality complaints
- Liaison with manufacturing to ensure optimal intra-company communication

### ***Research Analyst***

#### ***Qualifications/Education:***

- Must be at least 21 years of age at the time of hire
- High School Diploma and a Bachelor's or Associates Degree in Statistics, Finance or another business related field. An MBA is a plus
- 2+ years of previous experience in a research analyst role is a plus
- Must be a critical thinker who possesses good written and oral abilities
- Must pay a very close attention to detail to the statistical and graphical analysis of a data-sets
- Possess the ability to maintain quality
- Possess strong planning and scheduling abilities
- Must proficient in data mining and data collection
- Excellent knowledge of MS Office and Office Management software

#### ***Job Description/Responsibilities at Clean Technique:***

- Carry out research according to protocols laid out by VP of Strategic Business Development
- Collect and log client data
- Gain mastery of data analytics software purchased by the Company

- Conduct statistical analyses of data sets
- Prepare graphs and spreadsheets to portray results
- Create presentation slides and posters to help VP of Strategic Business Development present findings
- Review print and online resources to gather information
- Check facts, proofread, and edit research documents to ensure accuracy

### ***Policy Coordinator***

#### *Qualifications/Education*

- Must be at least 21 years of age at the time of hire
- High School Diploma
- Must be a critical thinker who possesses writing skills and is a good oral communicator.
- Excellent knowledge of MS Office and Office Management software
- Previous Experience in policy coordination and/or reform is a plus

#### *Job Description/Responsibilities at Clean Technique:*

- Attend and testify at all Massachusetts Cannabis Control Commission hearings and meetings as well as all local and city hearings and meetings
- Work with Clean Technique's legal counsel to develop written or oral testimony to be presented at any of the above-referenced hearings/meetings

### ***Director of Community Relations***

#### *Qualifications/Education*

- Must be at least 21 years of age at the time of hire
- High School Diploma and a Bachelor's degree in Public Relations, Marketing or related field
- Minimum of 2-3 years' experience in marketing and outreach.
- Must be a critical thinker who possesses writing excellent skills and is a good oral communicator.
- Prior experience working within the cannabis industry is a plus
- Have a strong familiarity with the Massachusetts Adult Use Program rules and regulations, specifically in relation to marketing and advertising
- Proven organizational ability
- Ability to effectively communicate with all levels of the organization
- Possess strong leadership and interpersonal abilities
- Able to maintain a flexible work schedule
- Excellent knowledge of MS Office and Office Management software

#### *Job Description/Responsibilities at Clean Technique:*

- Identify & activate hyper-relevant on/off premise events, partnerships & sponsorships to strengthen connectivity to local commerce and the community.
- Identify and execute marketing and advertising opportunities (where allowed)
- Establish company as center of informative excellence by delivering educational and industry-forward presentations, consultations and workshops
- Serve as the point of contact for local and state governments in addressing all questions and concerns
- Assist with social media presence and other task related to digital media
- Attend external outreach, networking, and vendor fair events
- Stay current with inventory and cannabis knowledge

### ***Vendor Relations Manager***

#### *Qualifications/Education:*

- Must be at least 21 years of age at the time of hire
- High School Diploma

- 2+ years of management experience preferred
- Outstanding communication and interpersonal abilities
- Excellent organizational and leadership skills

*Job Description/Responsibilities at Clean Technique:*

- Manage negotiated contracts and working relationships with vendors
- Attain competitive market pricing from suppliers
- Ensure vendor accounts are up to date
- Develop relationships with secondary vendors as a back up to primary vendors
- Manage records created during vendor relationships

**Account Executive**

*Qualifications/Education*

- Must be at least 21 years of age at the time of hire
- High School Diploma and a Bachelor's Degree in Finance, Marketing or another business related field. An MBA is a plus
- Have at least 3+ years of sales or customer service experience a plus but not required
- Must be a Critical thinker who possesses writing ability and is a good oral communicator.
- Must be creative and organized with strong interpersonal ability.
- Possess analytical, decision-making and management skills.
- Have the ability to develop lasting professional relationships with clients.
- Excellent knowledge of MS Office and Office Management software

*Job Description/Responsibilities at Clean Technique:*

- Manage existing clients and follow up on leads for new clients
- Grow client base within the state of Massachusetts
- Prospect out of state companies looking to expand into Massachusetts
- Provide field service and support to existing and new clients
- Manage requests for customer service or technical support
- Attend national tradeshow to educate market on our services and value
- Support sales & marketing initiatives

**Inside Sales, Customer Service Rep.**

*Qualifications/Education*

- Must be at least 21 years of age at the time of hire
- High School Diploma and a Bachelor's degree in sales, finance, marketing or any business related degree is a plus
- 3+ years of Sales or Customer Service experience is a plus but not required
- Must be creative and organized with strong interpersonal ability.
- Must be a Critical thinker who possesses writing ability and is a good oral communicator.
- Excellent knowledge of MS Office and Office Management software

*Job Description/Responsibilities at Clean Technique:*

- Assist in sales lead development, follow-up and management
  - Assist with marketing duties
  - Provide service and support to clients via email and phone
  - Enter incoming quality complaints into CRM
  - Assist with general office duties
  - Assist in collecting, managing, and presenting data

The following list (non-comprehensive) is an example of potential additional roles that may be added on the basis of need as Clean Technique transitions from pre-commercialization to commercialization:

- **Delivery Liaison**
- **Packaging/Labelling Technicians**
- **Cleaning In Place (CIP) Engineer(s)**
- **Maintenance Technician**
- **Research & Development Scientist**
- **Laboratory Technician**

Inevitably, Clean Technique will seek to hire additional new employees to fill a variety of positions And as for future hiring, Clean Technique will require that prior to employment, each prospective employee meet a series of stringent qualifications developed internally, which are designed to meet and exceed all Commission requirements and to identify a qualified and talented pool of candidates, consistent with the goals set forth in Clean Technique's Diversity Plan.

### **Employee Onboarding Process and Training**

Offer letters will be prepared in writing for each prospective new employee hire, each of which will be contingent upon execution of a formal Employment Agreement when applicable and satisfaction of all Commission requirements. Once an official employment offer has been made and accepted, the Vice President of Technical Operations & Manufacturing and the Office Administrator, in conjunction with the HR Administrator employed by TriNet, will ensure that, at a minimum, the following occurs:

- All required employee documents and identification to verify the lawful employment of each individual is collected and archived;
- Various employee accounts such as access to the seed-to-sale tracking system are created, with appropriate permissions provided;
- Employee documents such as the Employee Handbook and Standard Operating Procedures are provided to all new hires; and
- Employee training tracking documents including a signed acknowledgment form by each new hire indicating the date, time, and place they received all mandatory training and the topics discussed, including the name and title of presenters and the presenter's signature at a minimum, are collected and archived.

Clean Technique believes it is imperative that all employees are provided with ample training and resources to successfully learn and implement company policies and Standard Operating Procedures, all of which will take local, state, and federal regulations into account. Job-specific training, provided in addition to the Responsible Vendor Training described below, will consist of a minimum of 26 total hours of work before any new hire is cleared to work. Job-specific training for Clean Technique staff will focus on, but not be limited to, the following topics for the minimum hours set forth below, with curricula for each employee customized to fit their job roles and responsibilities in strict accordance with 935 CMR 500.105(2)(a):

- METRC and Flourish Training – 8 hours
- Safe Handling of Marijuana Products - 1 hour
- Adult Use Marijuana Science - 2 hours
- Marijuana Product Manufacturing Supply Chain - 2 hours
- Role Specific SOPs (Rotary Evaporator, Extraction, Gowning, etc.) – 4 hours
- Packaging and Production Equipment Operations – 2 hours
- Quality Control, Testing and Sanitation – 1 hours
- Delivery Operations – 2 hours
- Security & Alarm Procedures – 4 hours

Employees will be provided with an in-depth written summary of all aspects of their job duties, facility security procedures including anti-diversion strategy, Clean Technique's Employee Handbook (as described in Clean Technique's Personnel Plan)



and a complete copy of the Adult Use of Marijuana Rules and Regulations 935 CMR 500 for Massachusetts. And as further described in Clean Technique's Personnel Plan, employees will also receive training, within 90 days of their start date, as to the Clean Technique Employee Handbook and as to specific employment policies set forth in the Employee Handbook including, among others, the Safety and Health Policy and the Performance and Discipline Policy. The Vice President of Technical Operations & Manufacturing and the Office Administrator, together with the TriNet-employed HR Administrator, will be collectively responsible for overseeing the completion of all training-related requirements.

Further, each employee will be quizzed by their supervisor on specific aspects of their individual job knowledge and must pass a refresher course as part of their biannual performance review. If an employee receives a failing score (i.e., lower than 80%) on any such quiz, they will be required to mirror a supervisor in relation to their job duties for 30 days. Upon completing the 30-day mirroring period, the employee will be reevaluated for aptitude by a supervisor, and if deemed as sufficiently improved, will be cleared to perform their job duties under standard supervision. If any changes to local, state or federal laws which relate to Clean Technique's operations require employee retraining, retraining will commence as soon as possible once such changes are in effect.

All employees will also be required to fill out the Training Acknowledgment Form (included below) for each required training session they attend, including all training sessions referenced in this Qualifications and Training Plan and all internal training sessions subsequently implemented by Clean Technique at its discretion.

Clean Technique  
32 Char Drive  
Westfield, MA, 01085

#### Training Record Acknowledgment Form

This training acknowledgement record is to be completed by the employee at the time of training, signed by the employee and given by the employee to their respective supervisor. Supervisors must file this record in the employee training file.

Date of Training: \_\_\_\_\_

Employee Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name of Training Course or Document: \_\_\_\_\_

Document Number and Revision Number: \_\_\_\_\_

Employee Signature: \_\_\_\_\_

Employee Supervisor: \_\_\_\_\_

\*The employee's signature verifies that they have read and fully understood the content of the training course and/or document listed above under Name of Training Course or Document.

CTF06

An employee's failure to execute and submit the foregoing form for any training session required by Clean Technique will render such employee unable to begin or continue working at Clean Technique.

By ensuring all regulation-mandated and internal employee training is thoroughly completed and all operations are conducted through a lens of compliance, Clean Technique will not only benefit from having a well-trained staff, but it will be eligible to become an industry Compliance Leader in the state of Massachusetts, as per 935 CMR 500.040(1)(d). And the importance of receiving the Compliance Leader rating is reflected in the consideration such rating is given by the Commission in assessing any prospective fines and disciplinary actions imposed against Clean Technique pursuant to 935 CMR 500.360 and 935 CMR 500.450, respectively (see 935 CMR 500.040(3)(e)). To this end, Clean Technique will strive to meet the following criteria, as set forth under 935 CMR 500.040(3)(d), within the year preceding the date of application for a leadership rating:

- i. All Clean Technique employees will complete all required trainings for their positions within 90 days of hire;
- ii. Clean Technique will not have been issued a written deficiency statement;
- iii. Clean Technique will not have been the subject of a cease and desist order or a quarantine order;
- iv. Clean Technique will not have had its license suspended; and
- v. Clean Technique will have met all timelines required by the Commission.

### **Sensitivity Training**

In accordance with Clean Technique's Diversity Plan and in alignment with its goal to recruit and retain a diverse and inclusive workforce, Clean Technique will require employees to attend an annual, online sensitivity training program provided by Traliant, consisting of a 35-minute course for non-managerial employees and a 60-minute course for all managers and supervisors. These online courses will include interactive videos stories with alternate endings, quizzes, learn-by-doing exercises and engagement points. For further information about Clean Technique's Sensitivity Training Program, please see the Diversity Plan.

### **Seed-To-Sale Tracking Training**

All Marijuana Establishment Agents responsible for tracking and entering Marijuana products into the METRC Seed-to-Sale tracking system and Flourish, Clean Technique's selected METRC integrator software system, will be trained each year in accordance with 935 CMR 500.105(2)(a). In particular, all Marijuana Establishment Agents involved in the Seed-to-Sale tracking process will be required to attend, at a minimum, the two-hour MA New Business METRC System Training webinar offered regularly through METRC's website (see <https://franwell.quickbase.com/db/bnr87g8ps?a=dbpage&pageID=2>). We will also work with Flourish to provide training on the particular use of the Flourish software to all Marijuana Establishment Agents involved in the tracking process, utilizing Flourish's manufacturing-specific training resources.

### **Ongoing Employee Training**

All employees will receive ongoing training to ensure that operational changes are promptly and effectively communicated. Ongoing training will also ensure the maintenance of the skills required to perform tasks according to the standard operating procedures supplied by Clean Technique. Ongoing training will be conducted annually and at any time when SOPs are altered. At a minimum, each staff member will receive eight (8) hours of annual ongoing training in accordance with 935 CMR 500.105(2)(a). As with all other training activities, ongoing training will be tracked and documented as outlined above.

Clean Technique will also require all employees involved in the handling and sale of Marijuana and Marijuana products to attend at least: (i) one Commission regulatory event such as a public hearing concerning proposed amendments to the adult-use regulations; and (i) one local industry conference each year for continuing education such as the annual NECANN Boston Cannabis Conference. Admission costs to any such industry conference will be covered by Clean Technique and proof of attendance will be required.

### **Qualifications and Training Recordkeeping**

All Vice President and Director-level supervisors charged with leading any employee training will be responsible for collecting all data relating to employee performance in initial and ongoing training. This data will be tracked as part of a biannual performance review to ensure that all employees have consistently met or exceeded all standards of training demanded by their specific job, and to inform decisions on promotion.

As explained in Clean Technique's Recordkeeping Plan and Personnel Plan, all personnel records, including all records pertaining to the qualifications and training of all employees, will be kept confidential and maintained as required by 935 CMR 500.105(9)(d)(2)(c)-(d) and (g). As mandated by 935 CMR 500.105(9)(d)(2), all personnel records, including those pertaining to the qualifications and training of employees will be kept for a minimum of twelve (12) months after termination of the individual's affiliation with Clean Technique, and will be made available for inspection by the

Commission and any other relevant regulatory agencies. And all records pertaining to the Responsible Vendor Training, in particular, will be maintained and stored for a minimum of four (4) years in a form and location acceptable to the Commission pursuant to 935 CMR 500.105(2)(b)(5). The Vice President of Technical Operations & Manufacturing and the Office Administrator, together with the TriNet-employed HR Administrator, will be collectively responsible for maintaining all training-related records, all of which will be stored (along with other personnel files) inside 2-drawer, Fireking Lateral Fire-Resistant File Cabinets located in the office of the Vice President of Technical Operations & Manufacturing (denoted “Rob” on the Site Plan included in the Recordkeeping Plan) and in the secured, administrative Storage Room.

For further information pertaining to Clean technique’s recordkeeping practices for personnel records containing information regarding qualifications and training procedures, please see Clean Technique’s Recordkeeping Plan and Personnel Plan.

### **Responsible Vendor Training**

In accordance with 935 CMR 500.105(2)(b)(1), Clean Technique’s current owners, managers, and employees involved in the handling and sale of Marijuana and Marijuana products will attend and successfully complete a responsible vendor training program (“RVTP”) with Cannabis Trainers, a Commission-approved RVP provider based in Denver, CO,<sup>2</sup> which has no interest in or affiliation with Clean Technique’s ownership as per 935 CMR 500.105(2)(b)(6)(a). Once the RVTP has been completed by all applicable owners, managers, and employees of Clean Technique, Clean Technique will be designated a “responsible vendor,” and all new employees thereafter, who are involved in the handling and sale of Marijuana and Marijuana products, will be required to successfully complete the RVTP within 90 days of hire, pursuant to 935 CMR 500.105(2)(b)(1)-(2). Pursuant to 935 CMR 500.105(2)(b)(3), Clean Technique will require all applicable owners, managers, and employees to successfully complete the program once every year to maintain Clean Technique’s designation as a “responsible vendor.” And those administrative employees who do not handle or sell Marijuana or Marijuana products may take the RVTP on a voluntary basis, under 935 CMR 500.105(2)(b)(4).

Cannabis Trainers helped the Colorado Marijuana Enforcement Division (“MED”) design Colorado’s RVP and was the first such training service to receive approval by MED and Colorado’s State Health Department. In light of Cannabis Trainers’s expertise in the cannabis industry and incredible success, Clean Technique is confident that its employees will receive thorough and diligent training in compliance with the Commission’s training requirements. Specifically, Cannabis Trainers will supply Commission-accredited Sell-SMaRT™ Responsible Vendor Employee Regulatory Compliance training (“Sell-SMaRT”)<sup>3</sup> and ServSafe® Food Handler training to all Marijuana Establishment Agents, including all owners, managers, and employees.

In attending Sell-SMaRT, all applicable owners, managers, and employees will participate in a real-time, interactive classroom setting at our manufacturing facility for a 5.5 hour course where the instructor is able to verify the identification of each individual attending the program and certify completion of the program by the individual identified, in compliance with 935 CMR 500.105(2)(b)(6)(c)-(d). This program will meet all other standards described in 935 CMR 500.105(2)(b)(6)(g)-(i), including the provision of a Certificate of Completion for each participant who passes an exam with a score of 70% or higher. The class curriculum will consist of all subjects required by 935 CMR 500.105(2)(b)(7),<sup>4</sup> together with any areas of

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<sup>2</sup>See <https://www.masslive.com/Marijuana/2019/10/cannabis-control-commission-approves-first-wave-of-responsible-vendor-trainers.html>.

<sup>3</sup>As reflected in the Cannabis Trainers Proposal included at the end of this Qualifications and Training Plan, and as explained on the Cannabis Trainers website (<https://cannabistrainers.com/events/sell-smart-2-18-webinar/>), the Sell-SMaRT training program, including its entire curriculum and completion standards, has been approved by The Cannabis Control Commission, and covers mandatory training requirements for all agents in Massachusetts in addition to allowing Marijuana Establishments to fulfill part of the 8-hours of required annual training.

<sup>4</sup>935 CMR 500.105(2)(b)7 requires that the Class Core Curriculum for all RVTPs include the following information and topics:

- a. Discussion concerning Marijuana’s effect on the human body. Training shall include:
  - i. Marijuana’s physical effects based on type of Marijuana product;
  - ii. The amount of time to feel impairment;

training determined by the Commission to be included in a responsible vendor training program. Specifically, Sell-SMaRT's curriculum includes a 5.5 hour course that covers the following topics:

Section I - The Legal Information

Section II - Safety & Security

Section III - Checking ID's

Section IV - Handling Tricky Situations

Section V - Educating Consumers

In addition to requiring all applicable personnel to successfully complete the Sell-SMaRT program, Clean Technique will also require all such personnel to successfully complete Cannabis Trainers's new ServSafe® Food Handler training curriculum as this Commission approved RVTP training module blends the latest Food Code, food safety research, and years of food sanitation training experience. The training will provide information on learned best practices and ensure the general food safety information taught is relevant to working in licensed extraction labs and kitchens working with cannabis. This specific training is ideal for Clean Technique as the company will initially manufacture extracts, with a plan to move into using those extracts to manufacture Marijuana infused products, and all Marijuana products will be sold to other manufacturers requiring a thorough understanding of food safety standards to provide our customers with the best possible service. Though the ServSafe® Food Handler certification is valid for 3 years, Clean Technique will require yearly certification for each owner, manager, and employee involved in the handling and sale of Marijuana for adult use as per 935 CMR 500.105(2)(b)(3).

In choosing to contract Cannabis Trainers as the Commission approved RVTP provider, Clean Technique will ensure that all yearly training has been formatted specifically to the most up to date requirements from the City of Westfield, Hampden

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- iii. Visible signs of impairment; and
    - iv. Recognizing the signs of impairment.
  - b. Diversion prevention and prevention of sales to minors, including best practices;
  - c. Compliance with all tracking requirements; and
  - d. Acceptable forms of identification. Training shall include:
    - i. How to check identification; i
    - i. Spotting false identification;
    - iii. Medical registration cards issued by the DPH;
    - iv. Provisions for confiscating fraudulent identifications; and
    - v. Common mistakes made in verification.
  - e. Other key state laws and rules affecting owners, managers, and employees, which shall include:
    - i. Local and state licensing and enforcement;
    - ii. Incident and notification requirements;
    - iii. Administrative and criminal liability;
    - iv. License sanctions and court sanctions;
    - v. Waste disposal;
    - vi. Health and safety standards;
    - vii. Patrons prohibited from bringing Marijuana onto licensed premises;
    - viii. Permitted hours of sale;
    - ix. Conduct of establishment;
    - x. Permitting inspections by state and local licensing and enforcement authorities;
    - xi. Licensee responsibilities for activities occurring within licensed premises;
    - xii. Maintenance of records;
    - xiii. Privacy issues; and xix. Prohibited purchases and practices.
  - f. Such other areas of training determined by the Commission to be included in a responsible vendor training program.

County, the Commission, as well as any relevant Federal regulations that will affect Clean Technique's business operations. The comprehensive training offered by Cannabis Trainers will allow Clean Technique to onboard new registered agents and employees with confidence and minimal effect to overall operations.

Clean Technique's VP of Technical Operations & Manufacturing, the VP of Sales & Marketing and the VP of Strategic Business Development will also work directly with the Cannabis Trainers team to ensure that all RVTP training provided as part of new training or annual review will reflect the company's philosophies, mission and values as well as incorporate any updated policies. As noted above, at the conclusion of each RVTP session, the VP of Technical Operations & Manufacturing for Clean Technique will collect, record and store all materials and compliance records for a minimum of 4 years as required by 935 CMR 500.105(2)(b)(5).

# Cannabis Trainers

THE SAFE RESPONSIBLE SALE OF CANNABIS

Responsible Vendor Training  
Proposal for Clean Technique

Cannabis Trainers.com  
Maureen McNamara  
Maureen@CannabisTrainers.com  
303-931-1111

## CLEAN TECHNIQUE

### Programs & Services: Responsible Vendor Training Programs

Contact:	Elizabeth Blaz 719.207.2634
Delivery Method:	Live, Interactive training
Workshop Size:	up to 60 participants per in person class 40 max for virtual Zoom webinar
Workshop Locations:	On site for you in Massachusetts or Virtually via live Zoom webinar

Selling Cannabis involves many risks. Failure to act responsibly and proactively could result in fines, imprisonment, and suspension of licenses, increased insurance costs, or getting shut down. Cannabis Trainers invites savvy, professional operators to prepare their team to handle these potential risks with extensive, in depth training programs.

Maureen McNamara is a Trainer, Facilitator and Coach. She has led hundreds of workshops and coaches business professionals and entrepreneurs to create more success and joy in their lives. With 20+ years of professional training experience, Maureen has trained and certified 15,000+ employees, managers and owners in national certification programs. She has facilitated classes for small locally owned businesses as well as international corporations.

Maureen is the Founder and Chief Facilitator with Cannabis Trainers™; a corporation created to deliver training solutions for the Cannabis Industry. She has combined her skills and expertise into a comprehensive, engaging program to ensure the Responsible, Knowledgeable and Safe sale of cannabis: Sell-SMaRT™.

Cannabis Trainers worked with the Marijuana Enforcement Division to design the Cannabis Responsible Vendor Program (RVP) in 2014. The Sell-SMaRT™ program is the first Enforcement Division and State Health Department approved RVP program.

The Facilitators at Cannabis Trainers are professionals in the industry who complete a rigorous 20+ hour training program. They bring their wisdom of compliance to the industry to inspire Agents to handle and sell cannabis safely.

The team at Cannabis Trainers delivers highly interactive and compelling workshops with enthusiasm, humor and professional facilitation. In addition to the Sell - SMaRT™ program, they are pleased to deliver the nationally recognized ServSafe® Food Safety training. They've created additional programs to enhance service excellence and professional development in the industry.

Cannabis Trainers is a Founding Member of Women Grow and a proud member of the National Cannabis Industry Association, California Cannabis Industry Association, and the Minority Cannabis Business Association.

Committed to excellence, professionalism and safety; Cannabis Trainers is a powerful partner to organizations and businesses in the Cannabis Industry.

[www.CannabisTrainers.com](http://www.CannabisTrainers.com)



## Sell-SMaRT™ Responsible Vendor Training

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The Sell-SMaRT™ program prepares agents, owners, managers to effectively and safely handle complex situations in your operation. The program topics include:

Section I	Rules & Regulations
Section II	Safety & Security
Section III	Checking ID's
Section IV	Handling Tricky Situations
Section V	Consumer Safety & Education

This course is approved by the CCC and includes up to date MA regulations.

During class, the participants are encouraged to be engaged, ask clarifying questions, deepen their learning, and connect in small groups to increase retention.

Public class fee is \$147 per person.

We offer special, discounted rates for private, in-house classes (or via Zoom webinar)

Sell-SMaRT™ Investment:	*\$1597 up to 20 people
	*\$2597 up to 40 people
	*\$3597 up to 60 people

\*Travel fee may include airfare, lodging, and transportation

(If our MA trainer is available, just possible mileage and lodging, depending on location)

## ServSafe® Food Handler Training

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ServSafe® Food Handler training blends the latest Food Code, food safety research, and years of food sanitation training experience. We explore best practices and ensure the general food safety information is relevant to working in licensed extraction labs and kitchens working with cannabis.

Employees, Supervisors, Managers and Owners learn to implement essential food safety practices and work in a culture of food safety. Cannabis Trainers customizes the class to the needs of the cannabis industry.

ServSafe® Investment:	\$950* up to 35 people
	*additional per person book fee \$15
	ServSafe® is valid for 3-years

## Benefits of working with Cannabis Trainers & Sell-SMaRT™

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- Program flexibility to include regional/ county/ city rules
- Customized to Clean Technique's philosophies, mission & values
- Customized with Clean Technique's house policies
- Collaboration with insurance companies, policy discounts available
- Capacity for new hires to join class with monthly public in person or online learning
- Programs can be scheduled at your convenience
- Certificate of completion for each participant
- Responsible Vendor acknowledgement with door/ window decal for marketing

## TESTIMONIALS

"I thought the training was very informative and I highly recommend this training for Marijuana Enforcement Division (MED) investigators." Tom Mohan - MED Supervisory Investigator

"In reference to the quality of your Sell-SMaRT class, I thought your content covered a wide range of topics that are all important for all cannabis business employees. You covered the differences between state rules and local codes which is helpful to employees."

Rebecca Bostrack - Marijuana Enforcement Officer, Boulder Police Department

"After going through Sell-SMaRT™, my employees not only knew the rules inside and out, but also displayed a new level of professionalism and integrity." Meg Sanders – CEO Canna Provisions

"I was very impressed with the course and feel it was significantly better than the one we had previously attended. I feel very confident about our team's standing due to our completion of the RVT course." Tom Gomez - Owner, Sacred Seed

"It is an Interactive, Engaging, Helpful experience that everyBODY should take advantage of!" Bradley Speidell - Chief Dispensing Officer at TGS Management

"I was very impressed with the course and feel it was significantly better than the one we had previously attended. I feel very confident about our team's standing due to our completion of the RVT course." Paula Millot - Owner, Ojai Greens

"There was excellent content mix and the policy recommendations worked well." Sharron Sample - CEO, Maryland Earthworks, Inc.

"You provide a great program far and above anyone else in the industry. You are second to none. Thank you so much for all that you have done for us!" Jennifer Kealy – Vice President of Operations, MiNDFUL

"It is worth the investment for everyone involved in customer service or sales." Brooke Wise – Owner, The Growing Kitchen

"The energy of the instructors and engagement of the audience worked well." Evan Anderson – Owner, 14er Holistics

"The selection of the Cannabis Trainers' "Sell Smart" class has proven to be a wise choice. Our whole team benefits from this class and it makes our store's customer service that much better!"

Brendan Fall - Compliance Director, Kush Gardens

"Requiring everyone to come to your class has been a great decision. The stories our employees are telling us about how their previous employers operated are frightening. We remind them, we are in the COMPLIANCE BUSINESS, and if we do our jobs well, we get to sell cannabis. We are proud to be partners with you and your company. Keep up the great work!"

Jim Parco, Ph.D. - Owner, Mesa Organics

## Here are some differentiators for the Sell-SMaRT course with Cannabis Trainers:

- 100% woman owned
- Founder has been leading compliance classes for 25+ years
- Founder co-created the RVT curriculum that the CCC has adopted
- Time Tested/ Trusted: launched in 2014
  - First approved RVT program in the country
  - Approved and contracted by City/ State officials
  - We'll be here for you in the years to come
- Two local instructors (Eastern MA & Western MA) for easy in person class scheduling
- Four remote instructors for frequent, convenient webinar classes
- 3+ classes/month make it easy to schedule new hires to complete training within 90 days
- All Facilitators have 10+ years of professional facilitation skills and/or 7+ years of hands on cannabis industry experience
  - One of our instructors was the GM of a dispensary for 3 years
  - One of our instructors prepares clients for CCC compliance audits
  - One of our instructors has been a dispensary agent and corporate cannabis trainer
  - One of our instructors speaks Spanish
- Scholarships
  - We offer complimentary & discounted training to Social Equity and Economic Empowerment teams
- Course Design
  - Sell-SMaRT is engaging and interactive (created by a professional trainer)
  - Methodology that appeals to adult learners
  - Involved participants = increased retention = safer future = lower liability risk
- Customized classes
  - We come on site for your team's ease
  - We include your specific house policies in private classes
  - English & Spanish exams available
  - Translators welcome in class
- Focus on Service Excellence
  - We speak to and inspire professionalism and service excellence
- Appropriate Focus for production agents
  - We ensure the content is relatable to cultivators, extractors, trimmers, packagers
- Quality Deep Dive into content with Sell-SMaRT 5 - 5.5 hrs (other courses only 2-2.5 hrs)
- OnDemand Ready
  - Sell-SMaRT is also on-demand & ready for when the CCC approves this course method
- Give Back Program
  - We donate to & support non-profits contributing to the cannabis industry
  - Monthly course fee give back (launching 4/20): 10% gross sales back to cannabis charities/ non-profits
- Ongoing Support
  - After class access to summary and support documents
  - We field questions for our clients to clarify RVT related compliance questions
  - We offer free quarterly webinars to our clients
  - We're launching a mobile web app for Sell-SMaRT refreshers throughout the year
  - Regulation changes come with updates to our clients

- Customer Service

- Immediate exam results for each participant
- Class list & scores shared with Compliance Director/Manager within 2-3 days of class
- Participants can easily access their certificate of completion directly via our website 24/7
- Quick responses from our team

## Personnel Plan by Clean Technique, LLC

### Summary Overview

As required by 935 CMR 500.101(1)(c)(8)(g), Clean Technique, LLC (“Clean Technique”)<sup>1</sup> submits the following summary of operating policies and procedures pertaining to the hiring, conduct, and safety and security of all Clean Technique personnel (“Personnel Plan”), which, as shown herein, meets and exceeds the requirements for the registration of Marijuana Establishment Agents (935 CMR 500.030) and the performance of background checks (935 CMR 500.030(3), 935 CMR 500.800, and 935 CMR 500.802).

### Key Staff

Key staff members who oversee personnel policies, and their specific roles therein, are as follows.

**Hiring Committee** - comprised of the Vice President of Technical Operations & Manufacturing, the Vice President of Sales & Marketing, the Vice President of Strategic Business Development, the HR Administrator (employed by TriNet – a third-party human resources services provider with which Clean Technique will contract), and the Office Administrator

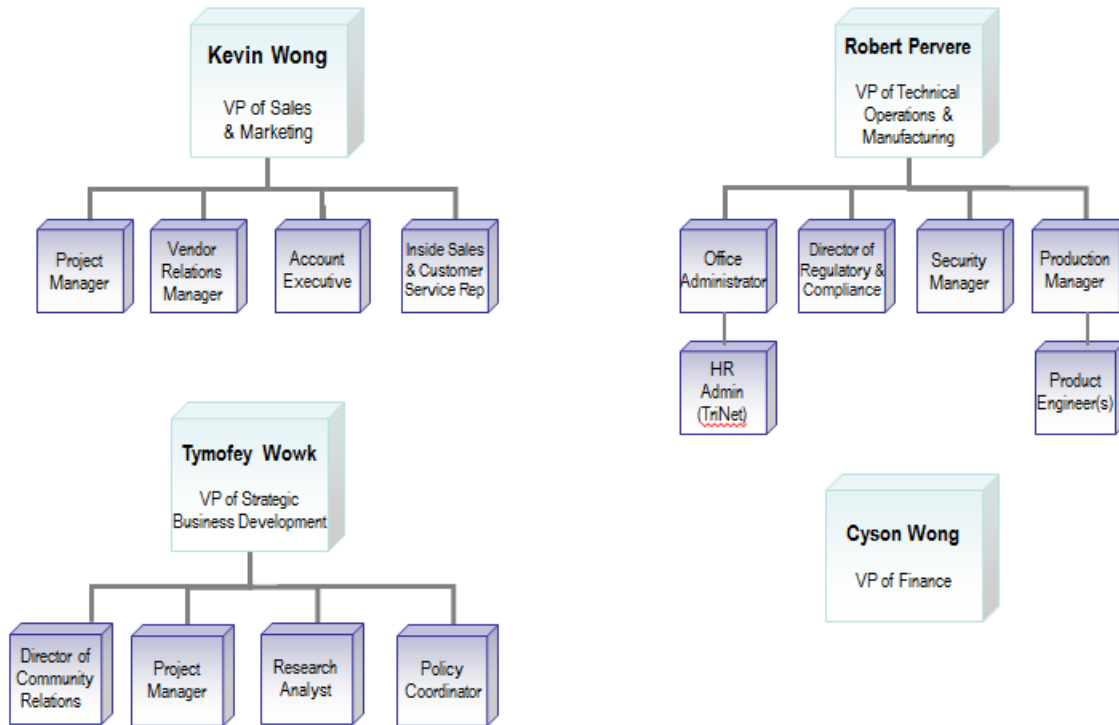
#### **Office Administrator**

- Coordinate office activities and operations to secure efficiency and compliance to company policies
- Manage agendas/travel arrangements/appointments etc. for the upper management
- Manage phone calls and correspondence (e-mail, letters, packages etc.)
- Support budgeting and bookkeeping procedures
- Create and update records and databases with personnel, financial and other data
- Track stocks of office supplies and place orders when necessary
- Submit timely reports and prepare presentations/proposals as assigned
- Administer certain employee trainings and properly store all employee training records
- Contact employment candidates to arrange in-person interviews at the Clean Technique Operating Facility located in Westfield Massachusetts
- Oversee the investigational framework of reported suspected violation of company policy, law, or regulation
- Act as the primary company liaison to our Human Resources (HR) Administrator from TriNet
- Upon the termination or resignation of an employee shall remove such their access to Flourish, rescind their access to the Clean Technique facility and collect all keycards/passcodes.

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<sup>1</sup>Unless otherwise noted, all terms and phrases referenced herein shall have the meaning accorded to them in the Adult Use of Marijuana Regulations adopted by the Cannabis Control Commission. See <https://www.mass.gov/doc/935-cmr-500-adult-use-of-marijuana/download>.

# Clean Technique LLC Organization Chart



## Employee Hiring

Though Clean Technique feels its current staffing, illustrated in the organizational chart above, will be adequate for operations for at least the first year, continued growth of the company will require new roles and additional personnel. As Clean Technique's operations continue to grow, the aforementioned Hiring Committee will first examine the strategic goals and fiscal health of the business relative to the need for the creation of a new employee position.

If a request is made for the creation of a new position in Clean Technique's Marijuana Establishment, the Vice President of Technical Operations & Manufacturing will require an analysis of the current state of the facility, requested competencies and skill sets, and reason for request. Upon examination of the analysis, the Hiring Committee will approve or deny the request. If approved, a job description will be written by the Office Administrator and/or HR Administrator and approved by the Vice President of Technical Operations & Manufacturing, which will include, among other things, a summary of the suitability standards and requirements pursuant to 935 CMR 500.800 and 935 CMR 500.802.

Upon job description approval, the HR Administrator will post the notification of the new position internally and with local community partners, in accordance with Clean Technique's Diversity Plan. If needed, the HR Administrator may utilize a third-party recruitment company to find an individual with the necessary qualifications and skills. Whenever employee turnover occurs, a position analysis will be conducted to ensure that the job

description is current. The job description will be revised by the HR Administrator and/or the Office Administrator if changes are required.

### **Diversity-Focused Job Postings and Recruitment Efforts**

Because Clean Technique strives to encourage a diverse group of candidates to apply for its open positions, and in accordance with its Diversity Plan, it will, among other things:

- Include the following statement on all job postings:

*“Clean Technique, LLC (“Clean Technique”) is a person-of-color owned company that is committed to creating a diverse and inclusive workforce. Clean Technique welcomes applications from members of all underrepresented or minority groups. Clean Technique does not discriminate in employment on the basis of race, color, national origin, religion, sex (including pregnancy and gender identity), sexual orientation, political affiliation, marital status, disability, genetic information, age, membership in an employee organization, retaliation, parental status, military service, or other non-merit factor.”*

- Utilize gender-neutral language, and exclude hidden bias language, in descriptions of candidate qualifications;
- Ensure its diversity is represented online and through published materials; and
- Encourage and motivate its employees to recruit diverse and talented candidates.

### **Background Checks and Screenings**

As required by 935 CMR 500.030(1)(a)-(c), and as set forth in further detail in its Qualifications and Training Plan, Clean Technique will require all board members, directors, employees, executives, managers, and volunteers (collectively, “Employees”) associated with the facility to: (a) be over 21 years of age; (b) not have been convicted of an offense involving the distribution of a controlled substance to a minor; and (c) be suitable for registration as a Marijuana Establishment Agent, in compliance with the provisions of 935CMR 500.800, 935 CMR 500.801, and 935 CMR 500.802.

As part of the registration process for Marijuana Establishment Agents, set forth in 935 CMR 500.030, background information will be collected from each new hire. Further, in accordance with 935 CMR 500.030(3), Clean Technique will require all Marijuana Establishment Executive candidates and all other candidates for hire to undergo an extensive criminal background check, resulting in a Criminal Offender Record Information (“CORI”) report. If a candidate’s background check reveals any offense(s) or information that would result in a Presumptive Negative Suitability Determination or a Mandatory Disqualification for Marijuana Establishment Agent Registration, as defined in 935 CMR 500.802 (Table C), Clean Technique will not extend such candidate an offer of employment.

All CORI reports and background check information required by the Commission for each individual for whom Clean Technique seeks a Marijuana Establishment Agent registration will be submitted to the Commission if obtained within 30 days prior to submission of such registration application, in accordance with 935 CMR 500.030(3), and as further described in Clean Technique’s Qualifications and Training Plan. If a candidate refuses to submit to a criminal background check pursuant to 935 CMR 500.030(3), such candidate will be eliminated from consideration. Pursuant to 935 CMR 500.030(3)(b), the collection, storage, dissemination and usage of any CORI

report or background check information obtained for Marijuana Establishment Agent registrations will comply with all requirements set forth in 803 CMR 2.00: Criminal Offender Record Information (CORI) (*see also* Clean Technique's Recordkeeping Plan and Document Retention Policy).

Pre-employment screenings by the Hiring Committee will include a review of a candidate's completed job application, resume, employment history, related experience, educational experience, a minimum of two (2) references, and the results of a criminal history background check which is to be filed with their job application. Typically, the top three (3) candidates will be selected and contacted by the Office Administrator for an in-person interview at the Clean Technique Operating Facility located in Westfield Massachusetts.

## **Interviews**

Interviewees will be selected through a blind resume screening process in which names and addresses are redacted prior to review. The interview process will utilize questions that test the credibility of the candidate's work experience, industry and product knowledge, personality, honesty, and intelligence (*see examples questions below*). If necessary, a second round of interviews will be conducted in accordance with procedures detailed in Clean Technique's *Qualifications and Training Plan*, until a final candidate is selected for the position.

### Sample Interview Questions:

- Are you familiar with the Massachusetts Adult Use of Marijuana Act?
  - Have you worked for a licensed/permitted medical or adult-use cannabis facility in MA or any other state?
  - For how long?
  - Describe duties and responsibilities.
  - Describe oversight.
- Have you worked in any other government-regulated industry?
  - For how long?
  - Describe duties and responsibilities.
  - Describe oversight.
- Have you worked in laboratory or controlled environment before?
  - For how long?
  - Describe duties and responsibilities.
  - Describe oversight.
- Are you familiar with the terms GLP (Good Laboratory Practices) and/or GMP (Good Manufacturing Practices)?
  - For how long?
  - Describe duties and responsibilities.
  - Describe oversight.
- Are you familiar with, or do you have a STEM (Science, Technology, Engineering, Math) background?
  - Are you familiar with data analytics?
  - In what capacity?
- Why is Clean Technique, and its commitment to quality, a good fit for you?



## **Employment Offer**

Once the Hiring Committee determines the best candidate for the position, a letter with an offer of employment will be sent to the candidate via email or USPS with the position description. The offer letter will be contingent upon execution of a formal employment agreement whenever applicable, completion of all required training and execution of all training acknowledgement forms as further described in the Qualifications and Training Plan, and satisfaction of all Commission requirements. Upon accepting the employment offer, the new employee will countersign the offer of employment and begin the onboarding process.

Upon hire, new employees will receive the company's employee handbook, which will outline the Company's policies, rules, standards, and conditions of employment. The handbook will also include instructions for employees on the proper mode of notification of any pending charges or convictions, and alerting the Commission regarding any criminal actions, civil/administrative actions, professional actions, or other disciplinary actions, which may affect employment. Employees will also undergo extensive internal and "Responsible Vendor Training," as described further in Clean Technique's *Qualifications and Training Plan*, and otherwise mandated by 935 CMR 500.105(2)(a).

## **Registration of Marijuana Establishment Agents**

After undergoing and passing all necessary background checks, the Office Administrator will complete the registration process for each employee to receive their Marijuana Establishment Agent Registration Card. Clean Technique will cover all fees associated with any employee's registration process and the yearly renewal required by 935 CMR 500.030(5).

All Marijuana Establishment Agents will be required to carry the registration card associated with Clean Technique at all times while in possession of marijuana products, at Clean Technique's facility, or transporting marijuana products, as required by 935 CMR 500.030(7). In accordance with 935 CMR 500.030(6), any changes to the information submitted in connection with such registration and all registration card losses and thefts will be reported to the Commission immediately, but no later than five (5) business days thereof.

## **Termination of Marijuana Establishment Agents**

If Clean Technique terminates its association with a Marijuana Establishment Agent, Clean Technique will notify the Commission within twenty-four (24) hours, pursuant to 935 CMR 500.030(4). Such termination will void any Registration Card they possess pursuant to 935 CMR 500.033(1)(a), and will also require Clean Technique to: terminate such Marijuana Establishment Agent's access to Flourish, rescind their access to the Clean Technique facility, and demand return of all keycards, passcodes, and company-owned property to Clean Technique's Office Administrator.

In the event that a Marijuana Establishment Agent is denied a Registration Card or has their Registration Card revoked by the Commission under 935 CMR 500.031 and 935 CMR 500.032, Clean Technique will cease all association with the Marijuana Establishment Agent.

## **Void Registration Cards**

Pursuant to 935 CMR 500.033(1)(b)-(c), a Registration Card issued to a Marijuana Establishment Agent will be void when a Registration Card has not been surrendered upon the issuance of a new Registration Card, based upon

new information, or when the agent is deceased. Further, a void registration card is inactive, as per 935 CMR 500.033(2).

### **Staffing Plan and Records**

As required by 935 CMR 500.105(1)(i), Clean Technique will maintain a staffing plan and staffing records in compliance with 935 CMR 500.105(9)(d)(3). Clean Technique believes that creating high-quality products using a STEM-based approach and an innovative quality management system is vital to its success. And as a minority-owned company, Clean Technique uniquely understands the importance of fostering diversity in its workforce. Thus, Clean Technique is committed to building a workforce comprised of qualified and talented individuals, including those with a background in STEM or the sciences generally, who represent a diversity in experiences, opinions, and backgrounds in accordance with Clean Technique's Diversity Plan and Positive Impact Plan.

Initial team members include individuals with 30+ years of collective experience in the sciences, who will be responsible for assisting with the development of the facility and training new hires to fill many internal positions. With their expertise, candidates will be able to learn how to process cannabis on a commercial scale, and/or support manufacturing through operational, administrative, and sales work.

### **Employment Policies**

Clean Technique's employment policies will be developed to benefit all employees and to promote a work environment in which all employees feel that they are free to grow and develop professionally. The core of Clean Technique's employment policies is founded upon an emphasis on clear communication and transparency throughout the work environment. The Office Administrator and all managerial and supervisor-level employees will be responsible for ensuring clear communication of all responsibilities and expectations at the time an employee is hired and through continuous training and development to teach all employees the proper procedures, methods and techniques that will allow them to develop their skills and acquire new ones.

Upon being hired, each employee will be provided with a copy of Clean Technique's employee handbook which will detail the policies, procedures, standards, and conditions of employment. Each new hire will undergo training concerning the Clean Technique employee handbook within 90 days of their employment start date. The employee handbook will be reviewed annually and updated as needed. The employee handbook will encourage all employees to work together to make Clean Technique a viable, healthy, and successful organization – to provide a satisfactory working environment that promotes genuine concern and respect for others.

The employment policies to be set forth in Clean Technique's employee handbook include:

- Email Policy
- Social Media Policy
- Quality Policy
- Leadership Policy
- Privacy and Confidentiality Policy
- Alcohol, Smoke, and Drug-Free Workplace Policy
- Disaster and Emergency Response Plan
- Document Management Process
- Anti-Harassment and Non-discrimination Policy
- PFMLA Policy for the State of Massachusetts
- At-Will Employment Policy

- Employment Classification Policy
- Paid Leave and Time off Benefits Policy
- Meal and Break Period Policy
- Timekeeping and Pay Policy
- Safety and Health Policy
- Employee Conduct, Attendance and Punctuality Policy
- Receipt and Use of Company Property Policy
- Performance and Discipline Policy
- Business Travel and Expense Policy

In addition to being trained as to the employee handbook as a whole, all employees will also receive training as to each of the specific policies identified above.

### **Alcohol, Smoke, and Drug-Free Workplace Policy**

As required by 935 CMR 500.105(1)(k), Clean Technique will adopt detailed written operating procedures for an alcohol, smoke, and drug-free workplace.

Clean Technique is committed to the elimination of drug and alcohol abuse in the workplace. An employee who is using legally prescribed medication (or medical marijuana, in accordance with the Act) is required to advise their supervisor of this and will be required to stay home until the medicine regimen is completed. Clean Technique will assist and support employees who voluntarily seek help for such problems before becoming subject to discipline and/or termination under this or other policies. Clean Technique considers drug and alcohol abuse a disability and will provide reasonable accommodation, including but not limited to using accrued paid time off, being placed on leaves of absence, being referred to treatment providers, and being otherwise accommodated as required by law.

In accordance with the Massachusetts Smoke-Free Workplace Law MGL c. 270 § 22, Tobacco use is prohibited in the facility. Clean Technique also prohibits tobacco use within fifty (50) feet of the facility. Non-compliance will result in a warning, with multiple infractions resulting in suspension or dismissal.

### **Employee Safety & Violence in the Workplace**

Clean Technique will be operating in a high-security environment, and employee safety and security is a top priority. Every employee will be trained to identify and neutralize or avoid security and safety threats at every stage of their job duties through strict adherence to standard operating procedures, awareness, reporting, and responsible incident management. In an effort to maintain a safe and secure facility, all Clean Technique employees will be subject to extensive training tailored to the roles and responsibilities of their job functions, both before and after commencing employment, in full compliance with 935 CMR 500.105(2)(a).

Training pertaining to Clean Technique's Security Plan will be conducted by Clean Technique's Security Manager and cover all aspects of the Clean Technique Security Plan that relate to a given employee's job duties including, but not limited to: restricting access to Clean Technique's manufacturing facility to individuals age twenty-one (21) or older; secure entry and exit procedures; delivery intake; product transportation; diversion prevention; record keeping; incident reporting; and information security. Employee access will also be restricted to and within Clean Technique's registered Premises depending on job duties and working hours, with only designated Marijuana Establishment Agents having access to Limited Access Areas. Clean Technique's Security Director will monitor employee conduct in person and via video surveillance to ensure total ongoing compliance with all safety and security measures, and report any infractions immediately to the employee's supervisor.

All employees will also be trained on Clean Technique's Disaster and Emergency Response Plan , which will include a plan for evacuation in case of fire or other emergency as required by 935 CMR 500.105(1)(j). All employees will be required to review the Emergency Procedures and Disaster Plan with the fire marshal every year. The Disaster and Emergency Response Plan will also be posted prominently throughout the Clean Technique facility, with all emergency exits, panic alarms and evacuation routes clearly marked. Because Clean Technique will be extracting marijuana oil using a flammable solvent (ethanol), all Marijuana Establishment Agents will be trained extensively on fire and other hazard prevention procedures. No Marijuana Establishment Agent who has not received appropriate training on operating in a Class 1, Division 1 ("C1D1") or Class 1, Division 2 ("C1D2") location (as defined by the United States Occupational Safety and Health Administration) will be allowed to access any C1D1- or C1D2-rated areas. All Marijuana Establishment Agents will be thoroughly trained in workspace and facility cleanup and sanitation, and will follow safe waste disposal procedures in full compliance with 935 CMR 500.105(12). For further information on Clean Technique's sanitation and waste disposal procedures, please review Clean Technique's Storage Plan and Quality Control and Testing Plan. For further information on Clean Technique's security policies and procedures, please refer to Clean Technique's Security Plan.

All employees, customers, vendors, business associates, and other individuals on Clean Technique's premises must be treated with courtesy and respect at all times. Employees are expected to refrain from conduct that may be (intentionally or negligently) dangerous to others or themselves or any other conduct that threatens, intimidates, harms, or coerces any individual. In situations of violence, Clean Technique encourages employees to immediately bring their disputes to the attention of their supervisors or management before the situation escalates. Clean Technique will make sure such disputes or issues are discussed in private and will not discipline employees for raising such concerns. Retaliation by any employee against those that raise such concerns will not be tolerated, and is grounds for dismissal. If appropriate, Clean Technique will always first seek peaceful resolution but, if peace is not an option, Clean Technique will take immediate action to remove the source of violence and danger from the workplace, with the support of the Director of Security, and if needed, local law enforcement.

Moreover, in accordance with 935 CMR 500.105(1)(m), Clean Technique will dismiss immediately any Marijuana Establishment Agent or employee that is found to have:

- Diverted of marijuana, which shall be immediately reported to law enforcement officials and to the Commission;
- Engaged in unsafe practices with regard to operation of the Marijuana Establishment, which shall be reported to the Commission;
- Been convicted or entered a guilty plea, a plea of nolo contendere, or admission to sufficient facts of a felony drug offense involving distribution to a minor in the Commonwealth, or a like violation of the laws of another state, the United States or a foreign jurisdiction, or a military, territorial, or Native American tribal authority; or
- Engaged in sexual harassment or other discriminatory behavior committed in direct violation of the Employee Code of Conduct.

## **Wages and Employee Benefits**

As of 1/1/2020, the minimum wage in Massachusetts is \$12.75. Clean Technique believes it is important to offer competitive salaries in order to attract and retain talent, but also to create a corporate culture of mutual respect. Clean Technique believes that is vital to the success of its organization for all levels of the workforce to be duly compensated for the important work that they perform. As such, Clean Technique will strive to pay a minimum annual salary in the range of \$40k - \$50k, depending on the technical complexity required for a given position.

In addition to providing competitive salaries and other employment benefits required by law (listed under Compliance with Applicable Laws below), Clean Technique intends to reward its employees with other forms of compensation that increase their quality of life in a variety of ways, such as the provision of a robust benefits package. To ensure Employees know and understand these benefits so that they can take full advantage of them, Clean Technique's Office Administrator will conduct informational sessions promptly after a new hire and will periodically draft handouts with pertinent information. The benefits package will include:

- Medical insurance which offers mental illness and other alternative coverages (i.e. acupuncture, physical therapy);
- Dental/Orthodontics insurance;
- Vision care; and
- Retirement and 401k plans with corporate matching;

### **Worker's Compensation**

Clean Technique will carry a worker's compensation insurance policy. If an employee is injured as a result of an accident or illness on the job, they may be eligible for Worker's Compensation benefits. The amount of benefits payable and the duration of the payment depend upon the nature of the injury or illness. Clean Technique is mindful that, pursuant to 935 CMR 500.450(3), failure to obtain workers' compensation insurance constitutes grounds for denial of any renewal application, suspension, and/or revocation of its marijuana establishment license.

### **Unemployment Compensation Benefits**

In the event of separation from the company, employees may or may not be eligible to receive unemployment compensation benefits by applying to the Massachusetts' Department of Unemployment Assistance. Accordingly, Clean Technique will abide by current employment law and issue an informational notice to all separating employees advising them of their right to file a claim for unemployment insurance benefits.

### **Retirement and 401k Plan**

Employees who have worked a minimum of twelve (12) months at the Company may be eligible to participate in an employee retirement plan, which will include a corporate matching component. Clean Technique's employee retirement plan will enable employees to apportion a fixed percentage of their pre-tax paycheck to a retirement fund through salary deferral. If need be, employees may access their fund before retiring; however, regulatory restrictions and penalties exist for withdrawals made prior to retirement.

### **Disability Coverage**

Disability insurance provides partial paycheck reimbursement for times of serious illness or injury that lead to total disability. Total disability is defined as the inability to perform any job function as a result of the injury or illness.

While Massachusetts does not have a disability benefits program, Clean Technique may provide employees with short-term and long-term disability coverage, dependent upon the company's economic viability, if they have worked at Clean Technique for at least six (6) months. In the event that Clean Technique does offer disability insurance coverage, qualifications and duration of coverage will be set forth in Clean Technique's disability plan documents, issued by the disability insurer it contracts with.

## **Holidays**

The company observes the following holidays, and will close its manufacturing facility:

- New Year's Day;
- Martin Luther King, Jr. Day;
- Memorial Day;
- Independence Day;
- Labor Day;
- Thanksgiving; and
- Christmas Day.

As part of Clean Technique's commitment to acknowledge the cultural diversity of its members, time off (8 hours per employee per year) will also be granted to employees who desire to observe a religious holiday that is not officially recognized by the company. Employees will be required to notify their supervisor ahead of religious observance requests at least four (4) weeks prior to the requested time off.

## **Vacations**

Full-time employees will be entitled two (2) week's annual paid vacation after their first twelve (12) months with the Company. Part-time Employees working 20 to 29 hours per week will earn vacation on a prorated basis (average weekly hours/40 hours \* 14 days), and can begin using them after the first twelve (12) months, though they will begin accruing on the first day of work. Employees must earn and accrue vacation benefits before they may be used. Employees should consult the Office Administrator regarding the amount of vacation leave they accrue each pay period. Vacation leave will not be earned during an unpaid leave of absence. Any unused vacation days will be carried over from one calendar year to the next.

## **Sick Leave**

Situations may arise where an employee needs to take time off to address medical or other health concerns. Clean Technique requires employees provide notification to their supervisor as soon as possible when taking time off. Sick leave may be used for an employee's personal illness as well as medical and dental appointments, and may also be used for illness and medical appointments in the employee's immediate family.

Clean Technique will manage all sick leave, family leave, and disability leave in accordance with the Massachusetts Paid Family and Medical Leave program (MGL c.175M as added by St. 2018, c.121.), which became effective on October 1, 2019, and the federally mandated requirements of the Family Medical Leave Act (FMLA). Employees will be encouraged to consult the Office Administrator regarding the amount of paid leave they are entitled to in order to understand, and take advantage of, their rights under Massachusetts law.

## **Code of Conduct**

Clean Technique will develop a code of conduct booklet (the “Code of Conduct”) intended to be a reaffirmation of the Company's commitment to ethical business conduct and the strict observance of all laws and regulations applicable to the company and its business. Though the code will not provide definitive answers to all questions about employee conduct, it will be designed to alert staff members of situations that may arise in the course of operations, how to handle them, and from who they can obtain guidance. Violations of the Code of Conduct may result in disciplinary action, up to and including termination. Key sections of Clean Technique’s code of conduct are summarized as follows:

#### Employment Standards

Clean Technique’s employees will be provided a work environment that is free from risk of physical harm and work conditions where they will be fairly compensated and free from exploitation, harassment, and/or discrimination. Responsible employment practices will be followed and enforced concerning areas such as wages and benefits, working hours, child labor, forced labor, health and safety, discrimination, disciplinary actions, equal opportunity, diversity, and substance use or abuse.

#### Compliance with Applicable Laws

Clean Technique’s business activities and conduct comply with all legal requirements and work environment considerations relevant to the communities in which we conduct our business, set forth below. Clean Technique is mindful that, under 935 CMR 500.450(3), Clean Technique’s failure to comply with any applicable law or regulation constitutes grounds for the denial of a renewal application, or suspension or revocation of its marijuana establishment license.

- Massachusetts General Laws;
- American Disabilities Act;
- Westfield ordinances;
- Massachusetts Equal Pay Act;
- Massachusetts Paid Family and Medical Leave Act;
- Massachusetts wage and overtime laws (MA minimum wage is \$12.75 beginning 1/1/2020);
- Worker Adjustment and Retraining Notification (WARN) Act;
- Reasonable Accommodations (i.e. for expectant mothers, staff with disabilities, etc.); and
- Other workplace accommodations such as: vacation time; sick and small necessities leave; parental leave; voting leave; domestic violence and abusive situations leave; meals and breaks; light, ventilation, cleanliness, sanitation, and temperature; jury duty.

#### Fair Business Practices

Clean Technique depends upon its reputation for quality, service and integrity. Through ongoing diversity awareness and sensitivity training, employees will be trained to treat all employees, customers, visitors, and any other individual with utmost respect. Employees who conduct themselves through manipulation, commit abuse of privileged information, misrepresentation of material facts, or any other unfair business practice will be subject to discipline, including termination.

#### Diversity in the Workplace

Clean Technique’s employment policies are designed to provide equal employment opportunity to all persons in a non-discriminatory, safe, healthy, and economically-beneficial working environment, and that promotes equity among minorities, women, veterans, people with disabilities, and people of all gender identities and sexual

orientation, in accordance with 935 CMR 500.101(1)(c)(8)(k). To ensure all employees to respect the differences in one another's backgrounds, cultures, and beliefs, Clean Technique will require that each employee undergoes ongoing diversity and inclusion awareness and sensitivity training. For more information regarding Clean Technique's diversity policies, see its *Diversity Plan*.

#### Employee Standards

Employees will demonstrate the company's core values at all times while at work or while representing the company outside of work. The core values are integrity, respect, performance excellence, transparency, accountability and stewardship.

#### Scheduling Policies

Employees will know their schedule at least one month in advance. Employees must hand in a completely filled out employee time-off request sheet. Requests should be submitted four (4) weeks in advance to be accommodated. The time off is not guaranteed until approved by the department head. All shift swapping must be approved by the requesting employee's supervisor and both parties must confirm with the Office Administrator or HR Administrator.

#### Drug-Free Policy

Clean Technique will not discriminate against a person in hiring, termination or imposing any term or condition of employment or otherwise penalize a person based upon a person's use of marijuana provided that: (i) the use of marijuana by the employee is neither in the work place during work hours, nor while the employee is performing tasks related to employment; and (ii) an employee is not impaired due to the consumption of marijuana in the workplace or while performing tasks related to employment.

Clean Technique may enforce disciplinary action including suspension and up to dismissal if (i) an employee is unable to maintain licenses, credentials, or other qualifications that are reasonably necessary for the performance of the employee's position, even if such licensing, credentialing, or other qualifications prohibit the employee from using marijuana; or if (ii) the employee is charged with a crime relating to his or her use, possession, sale, manufacture, distribution, dispensation, or transfer of marijuana and, based on the employer's investigation into the matter, the employer reasonably believes the employee committed a crime.

#### Non-Discrimination

Consistent with MGL c.151B, § 4, Clean Technique will implement a zero-tolerance policy prohibiting all forms of discrimination in any business relationships, internal or external, on the basis of race, color, national origin, citizenship, religion, sexual orientation, marital status, age, mental or physical handicap or disability, veteran status, pregnancy (including lactation or the need to express breast milk for nursing a child), ancestry or any other basis prohibited by federal law or the laws of the Commonwealth, MGL c.151B. Any employees to have been found violating Clean Technique's zero-tolerance non-discrimination policy will be disciplined, up to and including termination.

#### Prohibition on Harassment

Clean Technique strives to create and maintain a work culture that is free of harassment of any kind, including sexual harassment. As such, Clean Technique has a "zero-tolerance" policy prohibiting all forms of harassment.

Sexual harassment is the use of sexual pressure: 1) where submission is made a term or condition of employment, 2) where submission to or rejection of such conduct is used as a basis for employment decisions, or 3) where such conduct has the purpose or effect of unreasonably interfering with an employee's work performance or creating an intimidating, offensive or hostile work environment. Sexual pressure includes, but is not limited to, unwelcome



comments, jokes or slurs of a sexual nature; unnecessary or offensive touching, impeding or blocking; offensive emails or texts of a sexual nature, or derogatory or offensive posters, cartoons, drawings, or gestures.

Other forms of harassment include, for example, written, verbal or physical conduct that degrades or shows hostility or hatred toward an individual because of his or her race, color, national origin, citizenship, religion, sexual orientation, marital status, age, mental or physical handicap or disability, Vietnam-era or disabled veteran status, any other personal characteristic, or any other basis protected by law.

#### Anti-Retaliation Policy

Clean Technique will not tolerate retaliation against, or the victimization of, any staff member who raises concerns or questions regarding a potential violation of the code of conduct or any other company policy that they reasonably believe to have occurred. Retaliation will result in immediate dismissal of the offender.

#### Seeking Guidance

Clean Technique understands that regulations cannot provide detailed and definitive answers to all questions that may arise in the course of business. All employees will undergo training to prepare for instances that may occur during their daily work, but will also be encouraged to seek out guidance from supervisors should they encounter a situation to which they cannot figure out a solution.

#### Reporting of Violations and Investigation Framework

Employees will be advised to seek out a supervisor or management in the instance they feel a potential violation of company policy, law, or regulation is being committed. As previously stated, all employees will understand that retaliation will not be tolerated. Reports of suspected violations will be investigated promptly, using the following investigation framework to be overseen by the Office Administrator, and will be treated confidentially to the extent reasonably possible under the circumstances and in accordance with the company's legal obligations.

1. Identify the issues;
2. Determine who needs to be advised of the complaint/need to investigate;
3. Determine who should investigate;
4. Consider the timetable for investigation;
5. Consider how the investigation should be documented;
6. Identify sources of information to be reviewed;
7. Determine the order in which information should be sought;
8. Determine which witnesses to interview and topics to cover;
9. Determine who should attend the interviews;
10. Prepare a statement for the beginning of the interviews;
11. Prepare for employees who refuse to cooperate; and
12. Consider implementing temporary remedial measures while investigation is pending.

#### Employee Evaluation Procedure

Employees will have the opportunity to formally sit down with their direct supervisor in regard to their performance on a quarterly basis, but are encouraged to request a meeting with their supervisor to discuss any concerns or questions at any other time of the year. During this quarterly meeting, employees and management will address employee performance - strengths and weaknesses - as well as how to improve moving forward. All comments will be documented on an employee performance review form and signed by employee and

management. Employees may be eligible for a raise at this time depending on evaluation results. If necessary, management or employee may request a performance review outside of the quarterly time frame.

#### Workplace Environment

Clean Technique understands that employees deserve a workplace where they are respected and appreciated. To this end, all employees must contribute to the creation of such an environment. Department heads and managers have a special responsibility to foster a workplace that supports honesty, integrity, respect, and trust; promote an environment in which all laws, regulations and policies are expected to be followed by all, and consistently enforced.

#### Company Assets

Clean Technique's facility will meet and exceed clean working conditions set forth in MGL c.149, § 113. All employees will have the duty to protect Clean Technique's property and ensure cleanliness, sanitation, and organization. Employees will be taught the importance of proper handling of all equipment to prevent theft, carelessness, and waste. All employees will be required to take all reasonable measures to prevent theft of or damage to company property. Except as specifically authorized, employees will only be permitted to use Clean Technique assets, including company time, equipment, materials, resources, and proprietary information, for business purposes only.

#### Workplace Safety

Clean Technique will conduct its business operations in a manner where workplace safety is not compromised. As required by 935 CMR 500.105(1)(b), and in accordance with Massachusetts General Laws, Clean Technique will adopt the following safety policies to ensure personal safety and crime prevention:

- Culture of Safety and Compliance: employees are required to comply with all State and Local Laws and will report any suspicious behavior to the Director of Regulatory Affairs & Compliance, the Security Manager, and/or the Office Administrator. Employees have the obligation to look out for the general health and safety of all other team members, and Clean Technique as a whole. Employees shall embody a helpful attitude toward one another, and assist others when appropriate.
- Attire: each employee must wear clean clothing appropriate for the duties they perform, to include, but not limited to, closed toe shoes and socks, long sleeve shirts and long pants when appropriate. Each Employee must always wear the appropriate protective apparel, such as head, face, hand and arm coverings, as necessary to protect marijuana, tools, and equipment from contamination.
- Personal protective equipment: Clean Technique will supply personal protective equipment to employees, including uniforms, scissors, respirators, and other items needed to perform regular duties. It is the responsibility of the employee to keep all personal and general tools clean and organized at all times.
- Good hygiene: each employee will be required to practice good hygiene, such as adequate hand washing. If affected by a communicable illness or disease, employee will not be permitted to attend work.
- Crime prevention: It is of the utmost importance to take all measures to ensure the safety of the workforce. To ensure this, no contractors, vendors, or visitors are to be admitted into restricted access areas without verifying, on camera, their identity and legal status. ANY and ALL individuals on site must keep their face unobscured and recognizable. Employees are required to engage and make eye contact

with all vendors and other individuals entering the facility to minimize the anonymity that is often the precursor to crimes such as robberies and theft.

Clean Technique's primary objective is to eliminate all injuries; protect the health of its team members, partners, and patrons; and prevent or minimize any negative impact on the environment. All team members will have the responsibility to maintain the facility to the highest standards and in compliance with all Company policies, laws, and regulations. Clean Technique's staff will be expected to notify their department heads and the Director of Compliance immediately upon identifying any hazardous or unsafe conditions and thoroughly document these instances according to Company policy and record keeping procedures.

### **Personnel Record-Keeping and Availability**

Clean Technique's Vice President of Technical Operations & Manufacturing will, with the assistance of the Office Administrator, maintain all personnel records and make them available to the Commission upon request in compliance with 935 CMR 500.105(9). In accordance with 935 CMR 500.105(9)(d), all personnel files will include:

- (i) job descriptions for each employee and volunteer position, as well as organizational charts consistent with the job descriptions; and
- (ii) a personnel record for each Marijuana Establishment Agent containing the following information as required by 935 CMR 500.105(9)(d)(2):
  - (a) all materials submitted to the Commission pursuant to 935 CMR 500.030(2);
  - (b) documentation of verification of references;
  - (c) the job description or employment contract that includes duties, authority, responsibilities, qualifications, and supervision;
  - (d) documentation of all required training, including training regarding privacy and confidentiality requirements, and the signed statement of the individual indicating the date, time, and place he or she received said training and the topics discussed, including the name and title of presenters;
  - (e) documentation of periodic performance evaluations;
  - (f) a record of any disciplinary action taken; and
  - (g) notice of completed responsible vendor and eight-hour related duty training.
- (iii) A staffing plan;
- (iv) Personnel policies and procedures including this Personnel Policy; and
- (v) All background check reports obtained in accordance with M.G.L c. 6 § 172, 935 CMR 500.029, 935CMR 500.030, and 803 CMR 2.00.

All personnel files for Marijuana Establishment Agents will be preserved for at least 12 months following the termination of their affiliation with Clean Technique in compliance with 935 CMR 500.105(9)(d)(2). And in accordance with 935 CMR 500.105(1)(n), a full list of Clean Technique's board members and Executives will be made available on Clean Technique's website.

### **Confidential Records**

In accordance with 935 CMR 500.105(1)(l), Clean Technique will exercise caution and discretion in the preservation and maintenance of any and all confidential records, including, but not limited to Confidential

Application Materials<sup>2</sup> and Confidential Investigatory Materials.<sup>3</sup> These confidential records will be electronically stored in a secure Storage Array,<sup>4</sup> accessible only to Vice President-level employees and the Security Manager (under limited circumstances). For any confidential records or information in physical form, Clean Technique will store such items in the Fireking cabinet located within the office denoted “Rob” on the Site Plan (*i.e.*, the office of the Vice President of Technical Operations & Manufacturing).

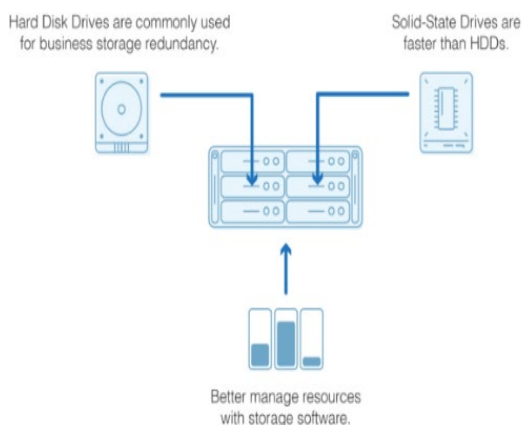
For further information on Clean Technique’s record-keeping policies and procedures, please refer to Clean Technique’s Record-Keeping Plan.

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<sup>2</sup>Defined in the Commission’s regulations as “any electronic or written document, communication or other record pertaining to an application for licensure or registration that is required to be confidential or protected from disclosure by law which includes, but is not limited to, personally identifiable information concerning an applicant, Registrant, or Licensee; background check information or Criminal Offender Record Information (CORI) as defined by 803 CMR 2.02: Definitions, or Criminal History Record Information (CHRI) as defined by 803 CMR 7.02: Definitions; and information that implicates security concerns.”

<sup>3</sup>Defined in the Commission’s regulations as “any electronic or written document, communication or other record pertaining to an investigation, which concerns: (a) a possible violation of a statute, regulation, rule, practice or procedure, or professional or industry standard, administered or enforced by the Commission; (b) an ongoing investigation that could alert subjects to the activities of an investigation; (c) any details in witness statements, which if released create a grave risk of directly or indirectly identifying a private citizen who volunteers as a witness; (d) investigative techniques the disclosure of which would prejudice the Commission's future investigative efforts or pose a risk to the public health, safety or welfare; or (e) the background of any person the disclosure of which would constitute an unwarranted invasion of personal privacy.”

## What Is a Storage Array?



Document Title: Management and Operations Profile-Operations and Procedures-Restricting Access to Age 21 and Older

## 1. Purpose

To demonstrate compliance with 935 CMR 500.000 regulations by providing a high-level narrative summary of restricting Access to age 21 and older plan adopted by Clean Technique LLC and reference relevant documentation, standard operating procedures and policies where applicable.

## 2. Scope

Clean Technique is a business-to-business only operation without any exposure to retail traffic and shall operate in accordance with **935 CMR 500.105(1)(p)**, Clean Technique LLC has written Policies and procedures to prevent the diversion of Marijuana to individuals younger than 21 years old.

In accordance with **935 CMR 500.110(1)** Clean Technique LLC shall implement sufficient security measures to deter theft of Marijuana and Marijuana Products, prevent unauthorized entrance into areas containing Marijuana and Marijuana Products and ensure the safety of Marijuana Establishment employees, Consumers and the general public. Security measures taken by the Licensee to protect the Premises, employees, Marijuana Establishment Agents, Consumers and general public shall include, but not be limited to, the following:

(a) Positively identifying individuals seeking access to the Premises of the Marijuana Establishment or to whom or Marijuana Products are being transported pursuant to 935 CMR 500.105(14) to limit access solely to individuals 21 years of age or older;

## 3. Description

In compliance with 935 CMR 500.110(4), all limited access areas will be clearly described by the filing of a diagram of the licensed manufacturing facility, in the form and manner determined by the Commission, reflecting, among others: entrances and exits, walls, partitions, counters, production, storage, transportation, and disposal areas. All unknown persons will be required to show a government-issued photo identification proving they are at least 21 years old to an employee of Clean Technique, LLC before being allowed entry. Clean Technique, LLC will not permit an individual less than 21 year of age onto the premises. All exterior entrances will be kept locked and monitored at all times by security camera to ensure no unauthorized access. At no time will any such entrance not be under the control of a Clean Technique LLC employee. A person that is not a holder of a valid employee identification card of the facility is prohibited from accessing the facility unless they receive authorization and obtain a visitor identification badge from the facility. Authorized visitors or vendors will explain the reason for their visit. **No one under 21 years of age is permitted to enter the facility as a visitor.**

The visitor identification badge must be visible at all times while the visitor is in the facility. All visitors

Restricted

Document Title: Management and Operations Profile-Operations and Procedures-Restricting Access to Age 21 and Older

will be logged in and out on a paper Visitor Log (as described in Clean Technique's Security Plan) and that Log will be available for inspection by the Commission at all times. All non-electronic visitor identification badges will be returned to the Clean Technique Security Manager or other authorized Marijuana Establishment Agent upon exit of the manufacturing facility. Authorized Visitors may only visit the facility for a purpose related to Clean Technique's operations and otherwise consistent with the objectives of St. 2016, c. 334, as amended by St. 2017, c. 55 and 935 CMR 500.

Finally, Clean Technique will supply its Marijuana Establishment Agents with varying levels of access to limited access areas, depending on their position. For example, the Vice President of Technical Operations & Manufacturing, the Security Manager, the Director of Regulatory Affairs & Compliance and the onsite Production Manager will have access to all areas of the facility, including all limited access areas. Other Marijuana Establishment Agents will be limited to only those areas directly related to their department and position within that department.

These stringent policies and procedures will not only allow Clean Technique to prevent marijuana diversion but will also ensure that site access shall be limited to individuals who are 21 years old or older. Further details related to restricting access to age 21 and older can be found in Clean Technique, LLC's Diversion Prevention and Security Plans.

## **4. Supporting Documentation**

- Diversion Prevention Plan by Clean Technique, LLC
- Detailed security plan for Clean Technique LLC created by Sapphire Risk Advisory Group (Clean Technique, LLC Security Plan for the City of Westfield Massachusetts)

Document Title: Management and Operations Profile-Operations and Procedures-Separating Recreational from Medical Operations Narrative

## 1. Purpose

To demonstrate compliance with 935 CMR 500.000 regulations by providing a high-level narrative summary of the separation of recreational and medical operations plan adopted by Clean Technique, LLC and reference relevant documentation, standard operating procedures and policies where applicable.

## 2. Scope

In accordance with former CCC regulation (in version MA REG. # 1361, Dated 3-23-18) **935 CMR 500.101(2)(e)(4)** but no longer referenced in the current version of 935 CMR 500.000 due to non-applicability as Clean Technique, LLC is an adult-use/recreational only operation.

## 3. Description

- Clean Technique LLC is an adult-use/recreational only operation and therefore the former **935 CMR 500.101(2)(e)(4)** is not applicable.
- Clean Technique LLC will always validate businesses are licensed adult-use/recreational entities prior to executing transactions.

## **The Diversity Plan by Clean Technique, LLC**

### **Introduction**

As required by 935 CMR 500.101(1)(c)(8)(k) and in full compliance with the required details in the CCC's Revised Guidance on Disproportionate Impact and Diversity Plans ("CCC Guidelines"),<sup>1</sup> Clean Technique, LLC ("Clean Technique" or "us" or "we" or "Company"), a person-of-color controlled cannabis company, submits the following plan to promote equity and inclusion in its operations by attracting, employing, promoting, and retaining employees from the following demographic groups (collectively, "Underrepresented Groups"):

1. Minorities;
2. Women;
3. Veterans;
4. People with disabilities; and
5. LGBTQ+

### **Diversity Plan Goal**

In an effort to "provide everyone with the tools or opportunities they need to be successful and leveling the playing field", as required by the CCC, our goal is to hire and retain a staff that is comprised of at least 20% minorities and 20% women.

We plan to achieve these goals by: (i) requiring all employees and new hires to participate in a certified third-party sensitivity training session annually to foster a workplace culture of diversity and inclusion that will attract talented individuals from Underrepresented Groups; and (ii) encouraging employees to recommend individuals from Underrepresented Groups, including in particular, women and minorities, for employment opportunities at Clean Technique. By creating a space for Underrepresented Groups to feel wanted, welcomed and encouraged to thrive as members of the Clean Technique team, we feel confident that our outreach and recruitment efforts will enable us to build and retain a diverse and successful operation that provides the Commonwealth with safe access to quality Marijuana products.

### **Diversity Plan Programs**

#### ***Annual Sensitivity Training Program***

Traliant, a company specializing in sensitivity training, describes the purpose of such training as "to make individuals aware of their behavior toward others, who are different in race, color, gender, religion, age, ethnicity, sexual orientation and other categories protected under Title VII of the Civil Rights Act. Sensitivity training also raises awareness of other characteristics that employees may encounter in their daily interactions, such as individuals with different experiences, backgrounds, perspectives and communication styles.

We at Clean Technique agree with Traliant and, therefore, have chosen them to be our certified third party provider of choice to implement a sensitivity training program for our employees and new hires each year. The training program will consist of an online course that employees are able to complete at their earliest convenience in accordance with their respective schedules. The course will consist of a 35-minute course for employees and a 60-minute course for managers. We believe in this program because as Traliant puts it, "Interactivity is woven throughout the training to reinforce and test employees' understanding of cultural diversity in the workplace and their responsibility to prevent discrimination and harassment. Through interactive videos stories with alternate endings, quizzes, learn-by-doing exercises and engagement points, employees encounter realistic situations that challenge their ingrained assumptions about people." Clean Technique is confident that in implementing the Traliant sensitivity training as a part of onboarding and annual training, the company will attract and retain employees and management from Underrepresented Groups. We believe this will also result in less turnover and resources being used to recruitment and training as employees can utilize their training to resolve conflicts and solve problems.

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<sup>1</sup>Unless otherwise noted, all terms and phrases referenced herein shall have the meaning accorded to them in the Adult Use of Marijuana Regulations adopted by the Cannabis Control Commission. See <https://www.mass.gov/doc/935-cmr-500-adult-use-of-Marijuana/download>.



### **Diversity Recruitment Program**

In addition to attracting talented individuals from Underrepresented Groups by creating a diverse and inclusive workplace environment, we also plan to actively increase the number of employees from Underrepresented Groups at all levels of the Company by:

- Distributing internal workplace newsletters on a monthly basis that: (i) inform employees of Clean Technique's commitment to having a diverse and inclusive workforce; and (ii) encourage employees to recommend individuals from Underrepresented Groups for employment at Clean Technique;
- Incentivizing employees to refer employment candidates from Underrepresented Groups with a bi-annual "referral-a-thon" - a friendly office competition to see who can refer the most diverse candidates within a five-month period, where participants are rewarded for their recruitment efforts with an annual celebratory event of the company's choosing;
- Ensuring that all visual imagery of persons contained in Clean Technique's published materials and employment advertisements reflects at least 50% of individuals from Underrepresented Groups;
- Posting job descriptions on a quarterly basis in The Republican, Springfield's local newspaper, that focus more heavily on deliverables and timelines for the job, rather than emphasizing a checklist of specific skills;<sup>2</sup>
- Including the following statement on all job postings:

*"Clean Technique, LLC ("Clean Technique") is a person-of-color owned company that is committed to creating a diverse and inclusive workforce. Clean Technique welcomes applications from members of all underrepresented or minority groups. Clean Technique does not discriminate in employment on the basis of race, color, national origin, religion, sex (including pregnancy and gender identity), sexual orientation, political affiliation, marital status, disability, genetic information, age, membership in an employee organization, retaliation, parental status, military service, or other non-merit factor."*

### **Diversity Plan Measurement**

According to an article published in the Harvard Business Review (Lindsey, King, Membere, & Cheung, 2017), "behavioral outcomes are arguably the most important outcomes, but are often neglected in diversity training research in favor of attitudinal outcomes (the prejudice and bias that one feels toward marginalized groups) and cognitive outcomes (how well-informed someone is regarding stereotypes and biases against marginalized groups)". Rather than make this common mistake, we will consider all three of these outcomes in measuring the success of our Sensitivity Training Program and Diversity Recruitment Program.

**In accordance with CCC Guidelines and 935 CMR 500.103(4)(i), should we secure a license, to renew it we will need to "demonstrate that the identified programs in the plan led to measurable success of the licensee's goals" by documenting the progress or success of this Diversity Plan upon renewal (one year from provisional licensure, and each year thereafter), at a minimum.**

To ensure that our programs achieves our diversity goal, Clean Technique's principals (Kevin Wong, VP of Sales & Marketing; Robert Pervere, VP of Technical Operations and Manufacturing; and Tymofey Wowk, VP of Strategic Business Development) will oversee the Diversity Recruitment and Sensitivity Training Programs and

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<sup>2</sup>Studies show that such checklists drive away great female candidates who generally won't apply for a job if they don't meet 100% of the listed qualifications as compared to men who will apply even if they meet just 60% of listed qualifications.

measure the following quantitative items on an annual basis, the metrics for which will be recorded in a diversity log:

- 1) number of referrals made to members of Underrepresented Groups, including itemizing the number of referrals made to women and minorities in particular, so that we can ensure our diversity recruitment program is succeeding in achieving and maintaining a workforce comprised of 20% women and 20% minorities;
- 2) number of referrals that result in an employment interview with members of Underrepresented Groups, including itemizing the number of women and of minorities in particular, so that we can ensure our diversity recruitment program is succeeding in achieving and maintaining a workforce comprised of 20% women and 20% minorities;
- 3) number of referrals that result in gainful employment at Clean Technique of members of Underrepresented Groups, including itemizing the total number of women and of minorities in particular, , so that we can ensure our diversity recruitment program is succeeding in achieving and maintaining a workforce comprised of 20% women and 20% minorities;
- 4) total number of members of Underrepresented Groups, including itemizing the total number of minorities and of women, employed by Clean Technique so that we can ensure at least 20% of our workforce is comprised of women and another 20% of it is comprised of minorities; and
- 5) total number of members of Underrepresented Groups, including itemizing the total number of minorities and of women, newly hired by Clean Technique so that we can ensure our diversity recruitment program is succeeding in achieving and maintaining a workforce that is comprised of at least 20% women and 20% minorities.

To further ensure that our diversity goals are being met, Clean Technique will also measure the qualitative success of our sensitivity training by using a survey tool to gain insight from employees and continuously improve our efforts.

Survey questions will include, but are not limited to:

- It what ways did the sensitivity training enhance your understanding of diversity?
- Do you feel that the sensitivity training was relevant to your workplace experience at Clean Technique?
- What topics were not covered and which you would like to see in future trainings?
- How else could we increase awareness and access to diverse candidates?
- Would you recommend Clean Technique to others as a diverse and culturally sensitive work environment? If no, please explain. If yes, what company efforts stand out?
- What groups do you feel are underrepresented at Clean Technique?

## **Conclusion**

As a pre-certified, minority-owned enterprise (2 of 3 of our co-founders are Asian American, and 1 of our executives is Asian), we understand the hurdles that Underrepresented Groups face as Asians represent only 1.3% of all cannabis applicants/operators in Massachusetts (according to the CCC's data). Therefore, we strongly support efforts that aim to increase diversity in the cannabis industry and the Commonwealth. While implementing these efforts we affirm that:

1. Clean Technique acknowledges and is aware, and will adhere to, the requirements set forth in 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices of every Marijuana Establishment; and
2. Any actions taken, or programs instituted, will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.

## **Quality Control and Testing Plan for Clean Technique, LLC**

### **Purpose**

In accordance with 935 CMR 500.101(1)(c)(8)(f), 935 CMR 500.105(1)(h), and 935 CMR 500.160, Clean Technique LLC (“Clean Technique”), a prospective Marijuana Product Manufacturer, submits the following summary of its written operating policies and procedures for quality control and product testing. As described below, to ensure that the Marijuana Products manufactured by Clean Technique meet both the Commission’s and Consumer demands for quality and safety, Clean Technique has adopted a series of quality-control standards and procedures to will meet and exceed the Commission’s requirements (“Quality Control Standards and Procedures”). To that end, Clean Technique will employ both an internal quality-management system and independent third-party testing by Pro Verde, or any other an Independent Testing Laboratory approved by the Commission.

### **Scope**

Clean Technique’s Quality Control Standards and Procedures will be mandatory for all of Clean Technique’s registered Marijuana establishment agents (herein, referred to as “Marijuana Establishment Agents”), and will be enforced and overseen by Clean Technique’s Vice President of Technical Operations & Manufacturing.

### **Types of Products to be Manufactured**

Product development will occur in 2 main phases that will be determined by several key factors including consumer demand for product types, availability of suitable, tested biomass/flower product to process, and market saturation.

#### Products to be developed in Phase 1 (commencing once operational)

##### *Bulk marijuana oils (extracts) for licensed marijuana establishments as a base ingredient*

Clean Technique will operate within a contract manufacturing model to provide manufacturing capacity as well as sourcing for tested raw materials (biomass) that will be used to make bulk oils. This will allow Clean Technique to focus on their expertise in procurement and processing, while providing other licensed Marijuana Establishments with consistent inputs for their product lines. Overall, this helps to provide more consistent and reliable products that can be transferred to a licensed retail establishment, which in turn provides safe access to quality products for the end consumer.

#### *Marijuana vape cartridges*

Clean Technique will produce vape cartridges, in compliance with any newly promulgated regulations that may be issued by the Commission in connection with the recent investigation into certain quarantined vaping products. By providing an avenue for other licensed Marijuana Establishments to process and procure high quality bulk CO2 extracted oils, Clean Technique will mitigate the potential for products that do not meet standards set forth by 935 CMR 500.160 from reaching the end consumer via the regulated market.

#### *Marijuana capsules*

Clean Technique will have the ability to process and manufacture capsules that contain Marijuana infused extracts. Capsules are a discreet and effective way to provide consistent dosing, especially to those consumers that are unfamiliar or uncomfortable with inhaling vapor or combusted cannabis (flower).

#### *Marijuana concentrates*

Clean Technique will offer unrefined whole plant CO2 extracts as well as refined CO2 extracts that have been winterized to remove fat, waxes, lipids and any residual solvents.

### **Manufacturing of Edible Marijuana and Beverage Products**

Clean Technique recognizes that under a manufacturing license, it will have the ability to produce Edible Marijuana Products and/or Beverage products. Currently, Clean Technique does not have plans to manufacture any such products when its operations commence upon receipt of a final license from the Commission. Clean Technique nevertheless acknowledges that it may, in the future, opt to produce beverages and or/edibles in the future, and in the event it does so, all Edible Marijuana Products and Beverage products will be manufactured, stored, and handled in compliance with the requirements set forth pursuant to 935 CMR 500.150, including, but not limited to:

1. Any Edible Marijuana Product that is made to resemble a typical food or Beverage product will be packaged and labeled as required by M.G.L. c. 94G, § 4(a½)(xxvi), and 935 CMR 500.105(5) and (6) (see 935 CMR 500.150(1)(a));
2. Edible Marijuana Products will never be processed into the following shapes: (1) the distinct shape of a human, animal, or fruit; or (2) a shape that bears the likeness or contains characteristics of a realistic or fictional human, animal, or fruit, including artistic, caricature, or cartoon renderings (see 935 CMR 500.150(1)(b)(1)-(2));
3. All Edible Marijuana Products will be prepared, handled, and stored in compliance with the requirements in 935 CMR 500.105(3) and 935 CMR 500.105(11) (see 935 CMR 500.150(2));

If and when Clean Technique decides to manufacture Edible Marijuana Products or Beverage Products, we will provide the Commission with a description as to each product's shape, color, form, type, and flavor. And, pursuant to 935 CMR 500.150(4), none of Clean Technique's Edible Marijuana or Beverage Products will ever have potency levels exceeding the following:

- (a) For a single serving of an Edible Marijuana Product, five milligrams (5.00 mg) of active tetrahydrocannabinol (THC);
- (b) In a single package of multiple Edible Marijuana Product to be eaten, swallowed, or otherwise ingested, not more than 20 servings or 100 milligrams (100.00mg) of active THC; and
- (c) The THC content in any such product will be homogenous, and evenly distributed throughout, meaning that, at a minimum, we will make sure that there is never more than 20% of a product's total THC level within 10% of the infused portion of any such product.

Finally, the labeling and packaging of all Edible Marijuana and Beverage Products will be done in strict accordance with the "Additional Labeling and Packaging Requirements for Edible Marijuana Products" set forth under 935 CMR 500.150(3).

#### **Quality Control and Testing Standards and Procedures**

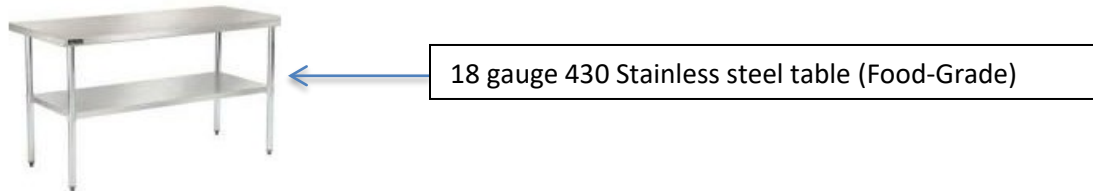
At the outset, it must be emphasized that, in order to produce the highest quality Marijuana products, Clean Technique's operations will comply with existing Good Manufacturing Practices (GMP) standards designed for the manufacture of products such as food, beverages, and dietary supplements (acknowledging that no such GMP standards exist for the manufacture of Marijuana).

To ensure that Clean Technique processes the highest quality Marijuana in a safe and sanitary manner in accordance with 935 CMR 500.105(3)(a), Clean Technique will process only Marijuana biomass containing the leaves and flowers of the female Marijuana plant that are well-cured and generally free of (i) seeds and stems; (ii) dirt, sand, debris, and other foreign matter; and (iii) contamination by mold, rot, other fungus and bacterial diseases. To ensure that incoming Marijuana biomass is up to these quality standards, Clean Technique will develop intake and grading procedures that meet and exceed the analytical testing requirements for raw flower material.

Clean Technique will operate much like Contract Manufacturing Organization and as such, will be well versed in grading input biomass to ensure an end product that is as consistent and safe as possible. To that end, Clean Technique will source its Marijuana only from licensed Cultivators that provide authenticated testing results for the presence of mold or pathogens, prioritize testing and safe, clean growing practices, and are committed to proper storage and humidity control techniques. Prior to engaging in business or accepting biomass from another Marijuana establishment, Clean Technique will require a site visit by the Vice President of Technical Operations & Manufacturing or another designated Marijuana Establishment Agent. This additional step in quality control will allow Clean Technique to understand the source of the material prior to extraction, and thus be able to handle the biomass in the safest and most effective way. At this time, Clean Technique intends to obtain up to 25% of our trim

from Top Shelf Cannasseurs, a veteran-owned premier recreational cannabis cultivator & manufacturer located in Hudson, MA, as demonstrated by the Letter of Intent attached at the end of this plan.

In addition, consistent with 935 CMR 500.105(3)(a), all incoming and in-process Marijuana biomass will be prepared and handled on 18 gauge 430 food-grade stainless steel tables and packaged and stored in a secured Limited Access Area within Clean Technique's manufacturing facility.



All tables used for processing are subject to daily mandatory cleanings with a diluted ethanol solution, followed by water. For more information regarding the safe and sanitary handling, processing, and storage of Marijuana biomass, please refer to Clean Technique's Plan for Transportation, Storage Plan; and Diversion Prevention Plan. *See also* Clean Technique's Security Plan for further information regarding Limited Access Areas.

During the intake and grading process, any Marijuana biomass that is found to be damaged, deteriorated, compromised or contaminated will be immediately segregated and destroyed in accordance with 935 CMR 500.105(12). Furthermore, throughout the workday and at its completion, all litter and waste generated in the Marijuana processing areas will be removed and disposed of in a manner designed to minimize the development of odor and the potential for attracting waste and harboring pests, as required by 935 CMR 500.105(3)(b)(5). This action will also mitigate the risk that potential contaminants in the lab will affect products in process or end products in any way. All such waste disposal operations will be conducted in accordance with the requirements of 935 CMR 500.105(12). For more information on Clean Technique's waste disposal procedures, please refer to Clean Technique's Storage Plan.

### **Employee Cleanliness**

In furtherance of its efforts to operate a safe and sanitary Marijuana Establishment, Clean Technique will mandate that all Marijuana Establishment Agents whose job duties include contact with Marijuana comply with the requirements for food handlers specified in 105 CMR 300.000: *Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements*, as required by 935 CMR 500.105(3)(b)(1). Furthermore, in accordance with 935 CMR 500.105(3)(b)(2), all Marijuana Establishment Agents who handle Marijuana will be required to maintain the highest degree of personal cleanliness, including, at a minimum, by washing hands thoroughly in an adequate hand-washing area before beginning work; when returning from breaks; after going to the restroom, eating, or smoking; or whenever their hands are or may have become soiled or contaminated. To ensure this care is taken, Clean Technique will require all Marijuana Establishment Agents working near or around products in the processing facility to follow the company's established gowning procedure for entering a manufacturing workspace: CTWI001 (attached here). Further information

regarding Clean Technique's standards and policies with respect to the cleanliness and sanitary practices of Marijuana Establishment Agents, please refer to Clean Technique's Plan for Transportation, Handling and Storage of Incoming Cannabis Biomass; and Qualifications and Training Plan.

### **Facility Design and Construction**

Clean Technique's manufacturing facility will be designed and constructed to meet and exceed the requirements of 935 CMR 500.105(3)(b) regarding safety and cleanliness. To that end, all floors, walls, and ceilings of Clean Technique's manufacturing facility will be constructed in such a manner that they may be kept clean and in good repair, meeting or exceeding the requirements of 935 CMR 500.105(3)(b)(6). The secure manufacturing and storage areas are not located against exterior walls, so as to prevent the opportunity for an exterior breach. Moreover, all processing, storage, and cleaning areas of the facility will be equipped with energy efficient safety lighting, and all lighting will undergo monthly maintenance and repairs whenever needed, meeting and exceeding the requirements of 935 CMR 500.105(3)(b)(7). All equipment used in processing will have established maintenance routines including CIP procedures for large equipment, such as the Vitalis CO2 system. Furthermore, in accordance with 935 CMR 500.105(3)(b)(8), all fixtures and other physical facilities within the processing areas of Clean Technique's manufacturing facility will be maintained in a sanitary condition. This includes all contact surfaces, which will be maintained, cleaned, and sanitized as frequently as necessary to protect against contamination using a sanitizing agent registered by the US Environmental Protection Agency (EPA), as required by 935 CMR 500.105(3)(b)(9). In addition, Clean Technique will make sure that all floors will be coated with epoxy. To maintain a clean, safe, and sanitary facility, Clean Technique will also create and maintain a cleaning and sanitization log to track and confirm that all scheduled cleaning and sanitation tasks are performed. The Vice President of Technical Operations & Manufacturing will oversee and regulate this process."

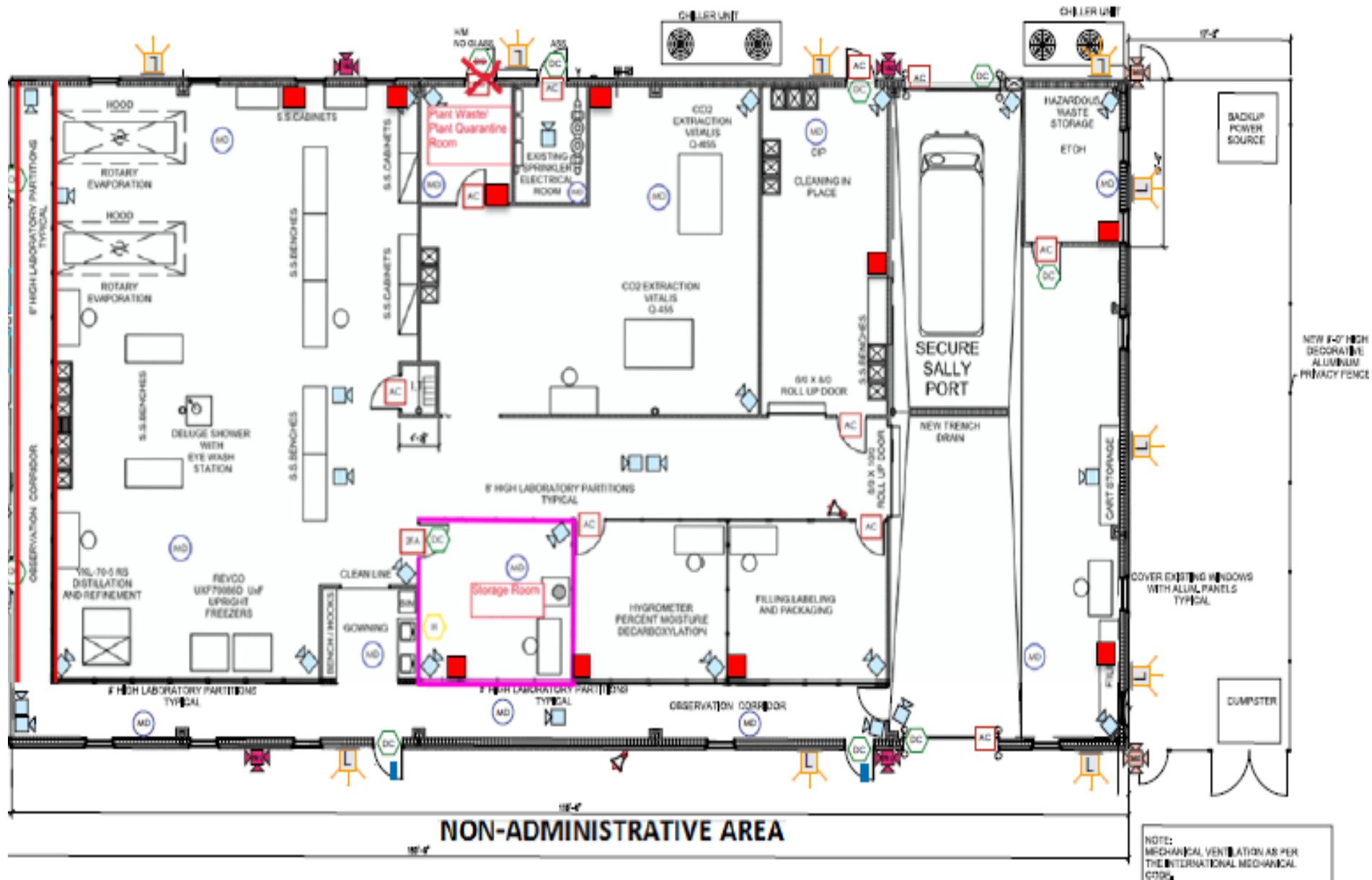
Clean Technique's manufacturing facility will be located such that it has a ready supply of safe, potable water in amounts adequate for Clean Technique's manufacturing process, cleaning and sanitizing the facility, the operation of sufficient restrooms, and safe drinking water, as required by 935 CMR 500.105(3)(b)(11). In that regard, Clean Technique's manufacturing facility will be constructed with more than enough readily accessible, clean, and functioning restrooms to meet the demands of Clean Technique's Marijuana Establishment Agents working at and visitors to the facility, as required by 935 CMR 500.105(3)(b)(13). There will be two restrooms in the non-production area of the facility, which includes 3 toilets, 1 urinal and 2 sinks. In accordance with 935 CMR 500.105(3)(b)(3), hand-washing facilities will also be located in all Production Areas and in all areas throughout the facility where good sanitary practices require that Marijuana Establishment Agents wash and sanitize hands, including restrooms, and all such hand washing stations will be equipped with running water at a suitable temperature, hand-cleaning and sanitizing preparations, and a sanitary towel service. There will be 2 handwashing stations and a laundry bin stationed before the Clean Line in the gowning area of the production facility, as well as several handwashing sinks and an eye washing station positioned within the production area. Signs written in English, and any other languages that are native to Clean Technique's Marijuana Establishment Agents, instructing Marijuana Establishment Agents to wash their hands before beginning and returning to work will also be posted in restrooms, eating areas, and smoking areas.

In order to meet the water needs of the facility and Clean Technique's operations, pursuant to 935 CMR 500.105(3)(b)(12), Clean Technique's facility will be built with plumbing of adequate size and design, and which is adequately installed and maintained, to carry sufficient water supplies throughout the facility and to the locations within the facility where such water is needed. Further, as also required by 935 CMR 500.105(3)(b)(12), Clean Technique will ensure that the facility's plumbing properly conveys sewage and liquid disposable waste from the facility and that there is no cross-connections between the potable and wastewater lines.

Lastly, Clean Technique's manufacturing facility will be designed in such manner so that there is sufficient space for placement of equipment and storage of materials as necessary to maintain cleanliness, as required by 935 CMR 500.105(3)(b)(4). All operations and workflows have been designed to mitigate cross contamination by providing ample space surrounding each Vitalis extraction unit in the production area and the wide clearance around all centrally located stainless steel tables and storage benches. The secure Sally Port for receiving transport vehicles is separated from the production area with a secure 8x10 roll up door and seal, and the Sally Port area has a trench drain centrally positioned to route vehicles run off or any cleaning residue away from the rest of the facility. The hazardous waste storage zone is located in the furthest possible NE corner of the facility, and does not share walls with any areas where cross contamination could possibly occur. See the Site Plan below for a visual of all processing areas:



[VIEW TOWARDS THE RIGHT]



## Storage and Transportation

Any toxic items and materials that Clean Technique utilizes at its manufacturing facility will be inventoried and properly labeled so that such toxic items and materials will always be accounted for and identifiable, and then stored securely and separately in Limited Access Areas in the production area to protect against cross contamination of Marijuana Products, in accordance with 935 CMR 500.105(3)(b)(10). This includes the CO<sub>2</sub> and ethanol that Clean Technique intends to use in its manufacturing processes. In particular, CO<sub>2</sub> will be stored in a refillable dewar that will be located on the north side of the building exterior near the chiller units, and ethanol, both reclaimed and pure will be housed in a 55-gallon drum (see below) inside of the Hazardous Waste Storage Room (see Site Plan herein), and in compliance with applicable law, including proper labeling of hazardous and potentially combustible materials .



Hazardous waste/material storage area - Unused Ethanol will be poured off to 'in use' containers within the hazardous waste/material storage area, while smaller 'in use' containers will be filled with this unused ethanol from the primary container that is being stored in this room. The method of pour off will depend on the planed volume, but will likely be a hand operated valve spigot.

Main production area - Unused ethanol will be poured off into the in-process manufacturing vessels. Specified amounts of ethanol will need to be poured from the 'in use' containers (~1 gal) into process vessels. This will be done by operations at the benches within the main production room.

Further, all used or waste ethanol will get collected into an in-process appropriately sized container designated for "waste ethanol only" which will get carted from the production area into the hazardous waste storage room where it would get poured-off or transferred into a 55 gallon collection drum that has been designated for waste/denatured ethanol removal.

Similarly, any products that Clean Technique identifies as facilitating the rapid growth of undesirable microorganisms will be stored separately, and in a manner exceeding the requirements of 935 CMR 500.105(3)(b)(14). Clean Technique will be implementing engineering controls to keep temperature and humidity at acceptable levels to prevent moisture (Marlite Wainscoting walls). Clean Technique will employ a daily cleaning procedure to ensure the prevention of microbial growth on all contact surfaces that will be implemented AFTER the level of microbial

contamination gets measured during our verification/validation phase(s). In particular, the Vice President of Technical Operations & Manufacturing will "swab" various contact surfaces throughout the production areas of the facility at a time when manufacturing activities have just taken place in order to best mimic real-time operations. These samples will get submitted for microbial challenge and based upon the results, we will adjust our cleaning process in order to attain acceptable levels. For more information on Clean Technique's storage policies and use of Limited Access Areas, please refer to Clean Technique's Plan for Transportation, Storage Plan, and its Security Plan.

All finished Marijuana products will be stored and transported conditions that will protect them against physical, chemical, and microbial contamination, as well as against deterioration, as required by 935 CMR 500.105(3)(b)(15). This includes storage with temperature control measures where necessary and indicated, as well as locking, rigid external storage containers to protect the integrity and the identity of the Marijuana products during transfer. In addition, all vehicles and transportation equipment used to transport Clean Technique's Marijuana products will be designed, maintained, and equipped with robust temperature control capabilities in full compliance with 21 CFR 1.908(c), as required by 935 CMR 500.105(13)(a)(14). For more information regarding Clean Technique's policies for the storage and transportation of Marijuana, please refer to Clean Technique's Plan for Transportation, Handling and Storage of Incoming Cannabis Biomass, and Inventory Management Plan.

### **Testing of Marijuana and Marijuana Products**

As required by 935 CMR 500.160(1) and (10), Clean Technique will only purchase and process Marijuana, and will only sell Marijuana Products, that have been directly tested by Pro Verde, which will be managing our microbial challenges in addition to performing all cannabinoid/terpene/contaminant/residual solvent testing, and any other Independent Testing Laboratory Clean Technique contracts with that is deemed to comply with the standards required under 935 CMR 500.160. In accordance with 935 CMR 500.002, Clean Technique will ensure that any such Independent Testing Laboratory is licensed by the Commission and (a) accredited to the International Organization for Standardization 17025 (ISO/IEC 17025: 2017) by a third-party accrediting body that is a signatory to the International Laboratory Accreditation Accrediting Cooperation mutual recognition arrangement or that is otherwise approved by the Commission; (b) independent financially from any Medical Marijuana Treatment Center (RMD), Marijuana Establishment or licensee for which it conducts a test; and (c) qualified to test cannabis or Marijuana in compliance with 935 CMR 500.160 and M.G.L. c. 94C, § 34. Furthermore, Clean Technique will only work with an Independent Testing Laboratory that can demonstrate that it stores all Marijuana on its premises in compliance with 935 CMR 500.105(11), as required by 935 CMR 500.160(8).

In accordance with 935 CMR 500.160(1), Clean Technique will ensure that any Independent Testing Laboratory contracted by Clean Technique will perform testing on Clean Technique's Marijuana Products in compliance with protocols established in accordance with M.G.L. c. 94G, § 15 and in a form and manner determined by the Commission including, but not limited to, the *Protocol for Sampling and Analysis of Finished Medical Marijuana Products and Marijuana-infused Products*, as amended, published by the Massachusetts Department of Public Health (the "DPH Protocols"). Consistent with the DPH Protocols, as required by 935 CMR 500.160(2), Clean Technique will ensure that its Marijuana is tested for

Cannabinoid Profile and for contaminants as specified by the Commission including, but not limited to, mold, mildew, heavy metals, plant growth regulators, microbiological contaminants and mycotoxins, and the presence of pesticides. Testing of environmental media (e.g., soils, solid growing media, and water) shall be performed in compliance with the *Protocol for Sampling and Analysis of Environmental Media for Massachusetts Registered Medical Marijuana Dispensaries* published by the Commission, in accordance with 935 CMR 500.160(1).

Pursuant to 935 CMR 500.160(11), Clean Technique will ensure that any single-servings of Marijuana Products tested for potency in accordance with 935 CMR 500.150(4)(a) will be subject to a potency variance of no greater than plus/minus ten percent (+/- 10%).

Clean Technique will also require that all excess Marijuana provided to an Independent Testing Laboratory for testing be disposed of in accordance with 935 CMR 500.105(12) by the Independent Testing Laboratory directly, or returned to Clean Technique for such proper disposal under 935 CMR 500.105(12), as required by 935 CMR 500.160(9).

In compliance with 935 CMR 500.160(3), Clean Technique will establish (and periodically review and update as needed) a written policy for responding to laboratory results that indicate contaminant levels are above acceptable limits established by the DPH Protocols. Such policy will require that both Clean Technique and the relevant Independent Testing Laboratory that conducted the test separately notify the Commission directly within 72 hours of any laboratory testing results indicating that the contamination cannot be remediated and dispose of the contaminated Production Batch. The policy will also require Clean Technique to notify the Commission of any information regarding the contamination as specified by the Commission or immediately upon request by the Commission. As required by 935 CMR 500.160(3)(c), the notification from Clean Technique will describe a proposed plan of action for both the destruction of the contaminated product and an assessment of the source of contamination.

If Clean Technique decides to retest any Marijuana and Marijuana Products prior to any remediation, it will submit such Marijuana and/or Marijuana Products to an Independent Testing Laboratory other than the laboratory the provided the initial failed result, as required by 935 CMR 500.160(12). Any Marijuana and/or Marijuana Products submitted for retesting after documented remediation, however, will be submitted to the same Independent Testing Laboratory that produced the initial failed testing result prior to remediation.

In accordance with 935 CMR 500.160(4), Clean Technique will maintain the results of all testing of Clean Technique's Marijuana Products for at least one (1) year in a secure database and/or storage facility. Marijuana or Marijuana Products with testing dates in excess of one year will be deemed expired and will not be dispensed, sold, Transferred or otherwise conveyed by Clean Technique until retested, as required by 935 CMR 500.160(4). For more information regarding Clean Technique's record-keeping procedures, please refer to Clean Technique's Record Keeping Procedures.

As required by 935 CMR 500.160(7), Clean Technique will ensure that the transportation of Marijuana and Marijuana Products to and from Independent Testing Laboratories providing Marijuana testing services will comply with 935 CMR 500.105(13). For more information on Clean Technique's transportation policies and procedures, please refer to Clean Technique's Plan for the Transportation of Marijuana.

For more information regarding Clean Technique's policies and procedures for analytical testing, please refer to Clean Technique's Plan for Analytical Testing for Incoming Raw Cannabis, In-Process Bulk Extracts and Finished Products.