



# Massachusetts Cannabis Control Commission

## Marijuana Cultivator

### General Information:

**License Number:** MC281251  
**Original Issued Date:** 08/23/2019  
**Issued Date:** 11/19/2020  
**Expiration Date:** 11/21/2021

## ABOUT THE MARIJUANA ESTABLISHMENT

**Business Legal Name:** New England Cannabis Corporation, Inc.

**Phone Number:** 617-716-6117      **Email Address:** rclipof@gmail.com

<b>Business Address 1:</b> 29 Everett Street	<b>Business Address 2:</b>	
<b>Business City:</b> Holliston	<b>Business State:</b> MA	<b>Business Zip Code:</b> 01746
<b>Mailing Address 1:</b> 29 Everett Street	<b>Mailing Address 2:</b>	
<b>Mailing City:</b> Holliston	<b>Mailing State:</b> MA	<b>Mailing Zip Code:</b> 01746

## CERTIFIED DISADVANTAGED BUSINESS ENTERPRISES (DBES)

**Certified Disadvantaged Business Enterprises (DBEs):** Not a DBE

## PRIORITY APPLICANT

**Priority Applicant:** yes  
**Priority Applicant Type:** RMD Priority  
**Economic Empowerment Applicant Certification Number:**  
**RMD Priority Certification Number:** RP201814

## RMD INFORMATION

**Name of RMD:** New England Cannabis Corporation, Inc.  
**Department of Public Health RMD Registration Number:** Provisional  
**Operational and Registration Status:** Obtained Provisional Certificate of Registration only  
**To your knowledge, is the existing RMD certificate of registration in good standing?:** yes  
**If no, describe the circumstances below:**

## PERSONS WITH DIRECT OR INDIRECT AUTHORITY

### Person with Direct or Indirect Authority 1

<b>Percentage Of Ownership:</b> 100	<b>Percentage Of Control:</b> 100	
<b>Role:</b> Executive / Officer	<b>Other Role:</b>	
<b>First Name:</b> Kenneth	<b>Last Name:</b> Stevens	<b>Suffix:</b>
<b>Gender:</b> Male	<b>User Defined Gender:</b>	

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 2

Percentage Of Ownership: Percentage Of Control:

Role: Executive / Officer Other Role:

First Name: Ronald Last Name: Jordan 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:

ENTITIES WITH DIRECT OR INDIRECT AUTHORITY

No records found

CLOSE ASSOCIATES AND MEMBERS

No records found

CAPITAL RESOURCES - INDIVIDUALS

Individual Contributing Capital 1

First Name: Kenneth Last Name: Stevens Suffix:

Types of Capital: Debt Other Type of Capital: Total Value of the Capital Provided: \$2900000 Percentage of Initial Capital: 100

Capital Attestation: Yes

CAPITAL RESOURCES - ENTITIES

Entity Contributing Capital 1

Entity Legal Name: New England Health Solutions, Inc. Entity DBA:

Email: rclipof@gmail.com Phone: 617-716-6117

Address 1: 29 Everett Street Address 2:

City: Holliston State: MA Zip Code: 01746

Types of Capital: Debt Other Type of Capital: Total Value of Capital Provided: \$2900000 Percentage of Initial Capital: 100

Capital Attestation: Yes

BUSINESS INTERESTS IN OTHER STATES OR COUNTRIES

No records found

DISCLOSURE OF INDIVIDUAL INTERESTS

Individual 1

First Name: Kenneth Last Name: Stevens Suffix:

Marijuana Establishment Name: New England Cnnabs Corporation, Inc. Business Type: Marijuana Cultivator

Marijuana Establishment City: Holliston Marijuana Establishment State: MA

MARIJUANA ESTABLISHMENT PROPERTY DETAILS

Establishment Address 1: 29 Everett Street

Establishment Address 2:

Establishment City: Holliston Establishment Zip Code: 01746

Approximate square footage of the Establishment: 53610 How many abutters does this property have?: 9

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

Cultivation Tier: Tier 04: 20,001 to 30,000 sq. ft

Cultivation Environment:

Date generated: 03/25/2021

Page: 2 of 6



Document Category	Document Name	Type	ID	Upload Date
Department of Revenue - Certificate of Good standing	DOR Good Standing.pdf	pdf	5c2f66f07f373a7220c2d9f3	01/04/2019
Secretary of Commonwealth - Certificate of Good Standing	MA Sec State Good Standing.pdf	pdf	5c2f66f31c24a8722ab9c2ad	01/04/2019
Bylaws	NECC INC Bylaws.pdf	pdf	5c3ca335eadf341230f63185	01/14/2019
Articles of Organization	NECC INC Art of Inc March 2019.pdf	pdf	5c86835fc4b7a71b66d14a00	03/11/2019

Certificates of Good Standing:

Document Category	Document Name	Type	ID	Upload Date
Secretary of Commonwealth - Certificate of Good Standing	MA SEC of STATE CERT OF GOOD STANDING 2020.pdf	pdf	5f43bfccdaa09e087b89f0d9	08/24/2020
Department of Unemployment Assistance - Certificate of Good standing	Certificate of Good Standing from the Massachusetts Department of Unemployment Assistance LETTER.pdf	pdf	5f6e268a9bb9f30799288077	09/25/2020
Department of Revenue - Certificate of Good standing	MA DOR Cert of Good Standing Sept 2020.pdf	pdf	5f7320b873481907b14c8765	09/29/2020

Massachusetts Business Identification Number: 001353249

Doing-Business-As Name:

DBA Registration City:

**BUSINESS PLAN**

Business Plan Documentation:

Document Category	Document Name	Type	ID	Upload Date
Plan for Liability Insurance	Plan for obtaining insurance.pdf	pdf	5ad628ca7cc84f3628fda565	04/17/2018
Business Plan	NECC BP Overview.pdf	pdf	5c6450f2d7a931124ee01dd5	02/13/2019
Business Plan	Types of Products Manufactured.pdf	pdf	5cb355f5942dc34c4ebdf9ec	04/14/2019
Business Plan	OPERATING HOURS AND CONTACT INFO.pdf	pdf	5cb35600cee9f84c34364632	04/14/2019
Proposed Timeline	NECC Timeline.pdf	pdf	5f3e664e971c7c07c04353cf	08/20/2020

**OPERATING POLICIES AND PROCEDURES**

Policies and Procedures Documentation:

Document Category	Document Name	Type	ID	Upload Date
Dispensing procedures	SOP DISPENSING.pdf	pdf	5c3c9c333183181258e16732	01/14/2019
Inventory procedures	INVENTORY PROCEDURES.pdf	pdf	5c3c9c5bc4b7a71b66d0e2e7	01/14/2019
Restricting Access to age 21 and older	SOP 21 YEARS OLD.pdf	pdf	5c3c9cdf3779161b2a86e986	01/14/2019
Prevention of diversion	SOP ANTI-DIVERSION POLICIES.pdf	pdf	5c3cbdb83183181258e16790	01/14/2019
Record Keeping procedures	RECORD KEEPING PROCEDURES.pdf	pdf	5c3cc135635d511b3474b39d	01/14/2019
Policies and Procedures for cultivating.	CULTIVATNG.pdf	pdf	5c3cc2938d16491b5c0f392a	01/14/2019

Security plan	Security Plan with Hours.pdf	pdf	5c868b67edbb73122a618b83	03/11/2019
Separating recreational from medical operations, if applicable	SEPARATING REC AND MEDICAL OPERATIONS.pdf	pdf	5caf48e836e3e844f3b50968	04/11/2019
Personnel policies including background checks	PERSONNEL POLICIES PLAN UPDATED V2.pdf	pdf	5caf7683e2695d45078d5b8a	04/11/2019
Diversity plan	NECC DIVERSITY OVERVIEW.pdf	pdf	5cb0951551be434c62d29473	04/12/2019
Storage of marijuana	SOP STORAGE PROCEDURES.pdf	pdf	5cb09ae5bf7c9d44e910571b	04/12/2019
Transportation of marijuana	SOP TRANSPORTATION PLAN UPDATED.pdf	pdf	5cb0a2b50a957444d5907a80	04/12/2019
Quality control and testing	QUALITY CONTROL AND TESTING.pdf	pdf	5cb0a5f273349d44f629312	04/12/2019
Maintaining of financial records	SOP MAINTAINING OF FINANACIAL RECORDS.pdf	pdf	5cb0ab0236e3e844f3b50c65	04/12/2019
Qualifications and training	QUALIFICATIONS AND TRAINING.pdf	pdf	5cb0adb951be434c62d294e1	04/12/2019

### 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 Agree

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 Agree

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

### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

### COMPLIANCE WITH POSITIVE IMPACT PLAN

#### Progress or Success Goal 1

**Description of Progress or Success:** A dedicated focus to hiring individuals in compliance with our Diversity and Areas of Disproportionate Impact Plans.

While we are not yet ready to hire staff, we have identified areas defined as disproportionate impact areas in Walpole and Mansfield, which are approximately 30 minutes from our marijuana establishment in Holliston, MA. We have drafted job descriptions and identified various online job sites we can work with to target potential hires from those areas.

#### Progress or Success Goal 2

**Description of Progress or Success:** Focus our hiring practices and efforts to work to employ workers from Walpole and Mansfield.

While we are not yet ready to hire staff, we have identified employment and staffing agencies in Walpole and Mansfield who can help us find employees from those specific areas.

#### Progress or Success Goal 3

**Description of Progress or Success:** Provide regular, monetary donations to civic, community and non-profit organizations focused in disproportionate and diverse areas.

While we are not yet operational, we have identified specific community and non-profit organizations that we would like to work with.

#### Progress or Success Goal 4

**Description of Progress or Success:** Posting internal and external searches for open positions and holding job fairs in diverse communities.

While we are not yet operational, we have identified specific job fairs we will work with.

### COMPLIANCE WITH DIVERSITY PLAN

#### Diversity Progress or Success 1

**Description of Progress or Success:** Employ a company team that is consistent and reflective of the those included in our Diverse Workforce, with 75% of all team members coming from the Diverse Workforce.

While we are not yet operational and have not yet begun to hire, we have begun to structure a WORKFORCE DIVERSITY & INCLUSION COMMITTEE to measure our progress. This committee will consist of management and employees, representative of the team's diverse makeup, to review progress regarding diverse recruitment, retention, advancement, and morale. This will ensure that we are meeting our goals in hiring diverse team members, including minorities, women, veterans and workers with past drug convictions, or with parents or spouses who have drug convictions. This committee will also measure the amount and level of promotions from within, monitor the equity of the payroll, provide regular employee surveys to collect feedback measuring employee feelings and perceptions about the diversity within the Company and the attitudes towards the safety and diversity of their workplace environment, and make recommendations to improve the Company's diversity programs.

#### Diversity Progress or Success 2

**Description of Progress or Success:** Employment Goals: Implement training programs to assist the Diverse Workforce in achieving promotions; Promote job availability to make open positions easily found by jobseekers within our Diverse Workforce; Identify, hire, train and develop properly skilled team members.

While we are not yet operational and have not yet begun to hire, we have begun identifying employment and staffing agencies, and online job search sites to work with.

#### Diversity Progress or Success 3

**Description of Progress or Success:** Consistently measure workforce motivation and morale to ensure that our diversity efforts are meaningful and successful; and regularly measure the Company's efforts to maintain a diverse and safe workplace environment.

We have developed what we call "TEAMspeak" to provide an open communication channel for employees to have a voice and provide suggestions and feedback.

### HOURS OF OPERATION

<b>Monday From:</b> Open 24 Hours	<b>Monday To:</b> Open 24 Hours
<b>Tuesday From:</b> Open 24 Hours	<b>Tuesday To:</b> Open 24 Hours
<b>Wednesday From:</b> Open 24 Hours	<b>Wednesday To:</b> Open 24 Hours
<b>Thursday From:</b> Open 24 Hours	<b>Thursday To:</b> Open 24 Hours
<b>Friday From:</b> Open 24 Hours	<b>Friday To:</b> Open 24 Hours
<b>Saturday From:</b> Open 24 Hours	<b>Saturday To:</b> Open 24 Hours
<b>Sunday From:</b> Open 24 Hours	<b>Sunday To:</b> Open 24 Hours

## Community Outreach Meeting Attestation Form

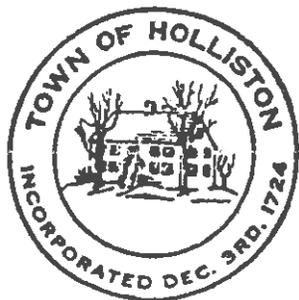
The applicant must complete each section of this form and initial each page before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant appear in italics. Please note that submission of information that is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

I, Jeffrey Ritter, Town Administrator (insert name) attest as an authorized representative of Town of Holliston (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 11/15/18 (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 10/31 and 11/7 (insert date), which was at least 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 10/19/18 (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 10/19/18 (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.

ATTACHMENT A



TOWN OF HOLLISTON  
PLANNING BOARD  
TOWN HALL  
HOLLISTON, MASSACHUSETTS 01746  
429-0635

2018 OCT 19 AM 8:45  
HOLLISTON MASS.  
TOWN CLERK

October 19, 2018

TO ALL INTERESTED PARTIES:

You have been identified as an abutter or a party of interest to a petition recently filed with the Board. Under the provisions of both local and state zoning laws, you are being notified of the pending petition and public hearing. If you should have any questions regarding the application, please contact Karen Sherman, Town Planner at 429-0635.

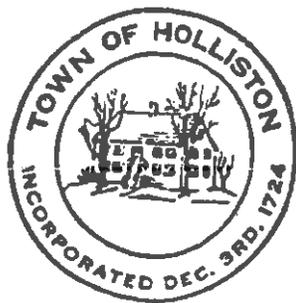
The following legal advertisement will be appearing in the Metrowest Daily News on October 31, 2018 and November 7, 2018.

**LEGAL NOTICE  
TOWN OF HOLLISTON  
PLANNING BOARD**

In accordance with the Town of Holliston Zoning By-Laws and MGL c. 40A, the Board will hold a public hearing at 7:30 p.m. on Thursday, November 15, 2018 in the Selectmen's Meeting Room (#105) of Town Hall, 703 Washington Street. The Board will consider the petition of New England Cannabis Corporation for conversion of a portion of the existing building to be utilized for a Marijuana Establishment (Marijuana Cultivator and Product Manufacturer) under the provisions of Section III, Industrial Use G(7) pending Special Town Meeting approval. The locus is 29 Everett Street in the Industrial zoning district. The owner is 29 Everett Street, LLC.

The hearing will be held in the Selectmen's Meeting Room of the Holliston Town Hall, 703 Washington Street. The subject materials and plans are available for review in the Planning Board Office during regular business hours. Please call 429-0635 with any questions. All interested parties are invited to attend or submit written comments.

HOLLISTON PLANNING BOARD  
David Thorn  
Chairman



TOWN OF HOLLISTON  
ZONING BOARD OF APPEALS  
TOWN HALL

HOLLISTON, MASSACHUSETTS 01746

PUBLIC HEARING NOTICE

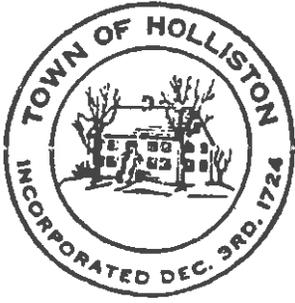
In accordance with the Town of Holliston Zoning By-Laws and MGL c. 40A, the Board will hold a public hearing at 7:30 p.m. on Thursday, November 15, 2018 in the Selectmen's Meeting Room (#105) of Town Hall, 703 Washington Street. The Board will consider the petition of New England Cannabis Corporation for conversion of a portion of the existing building to be utilized for a Marijuana Establishment (Marijuana Cultivator and Product Manufacturer) under the provisions of Section III, Industrial Use G(7) pending Special Town Meeting approval. The locus is 29 Everett Street in the Industrial zoning district. The owner is 29 Everett Street, LLC.

Application materials are available in the Planning Office. All interested parties are invited to attend or submit written comments.

David Thorn  
Chairman

2018 OCT 19 AM 8:45

PLANNING OFFICE  
TOWN CLERK  
HOLLISTON, MASS.



TOWN OF HOLLISTON  
PLANNING BOARD  
TOWN HALL  
HOLLISTON, MASSACHUSETTS 01746  
429-0635

2018 OCT 19 AM 8:45  
TOWN CLERK  
HOLLISTON, MASS.

October 19, 2018

TO ALL INTERESTED PARTIES:

You have been identified as an abutter or a party of interest to a petition recently filed with the Board. Under the provisions of both local and state zoning laws, you are being notified of the pending petition and public hearing. If you should have any questions regarding the application, please contact Karen Sherman, Town Planner at 429-0635.

The following legal advertisement will be appearing in the Metrowest Daily News on October 31, 2018 and November 7, 2018.

**LEGAL NOTICE  
TOWN OF HOLLISTON  
PLANNING BOARD**

In accordance with the Town of Holliston Zoning By-Laws and MGL c. 40A, the Board will hold a public hearing at 7:30 p.m. on Thursday, November 15, 2018 in the Selectmen's Meeting Room (#105) of Town Hall, 703 Washington Street. The Board will consider the petition of New England Cannabis Corporation for conversion of a portion of the existing building to be utilized for a Marijuana Establishment (Marijuana Cultivator and Product Manufacturer) under the provisions of Section III, Industrial Use G(7) pending Special Town Meeting approval. The locus is 29 Everett Street in the Industrial zoning district. The owner is 29 Everett Street, LLC.

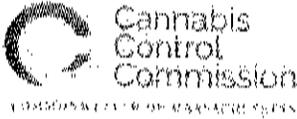
The hearing will be held in the Selectmen's Meeting Room of the Holliston Town Hall, 703 Washington Street. The subject materials and plans are available for review in the Planning Board Office during regular business hours. Please call 429-0635 with any questions. All interested parties are invited to attend or submit written comments.

HOLLISTON PLANNING BOARD  
David Thorn  
Chairman

## **Plan to Remain Compliant with Local Zoning**

New England Cannabis Corporation, Inc. has met with Fire Chief Michael Cassidy; Police Chief Matthew Stone; Town Planner Karen Sherman; Town Administrator Jeff Ritter; and all Board of Selectman members in Holliston, MA. The property located at 29 Everett Street, Holliston, MA is located in a zoning district that allows such use by local permitting. The Town of Holliston, MA has issued a Community Host Agreement and has attested to the community outreach meeting that was held.

We will continue to work with local officials, the respective boards of health, Selectmen, Fire, Police, building and planning departments and inspectors, to ensure that our Marijuana Establishment facility and engagement with the Town of Holliston continues to comply with all local, codes, ordinances and bylaws.



# 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(f).

### Applicant

I, KEN STEVENS, (insert name) certify as an authorized representative of N.E. CANNABIS CORPORATION (insert name of applicant) that the applicant has executed a host community agreement with HOLLISTON, MA (insert name of host community) pursuant to G.L.c. 94G § 3(d) on AUGUST 30, 2017 (insert date).

Signature of Authorized Representative of Applicant

### Host Community

I, Kevin Conley, (insert name) certify that I am the contracting authority or have been duly authorized by the contracting authority for Town of Holliston (insert name of host community) to certify that the applicant and The Town of Holliston (insert name of host community) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on 9/11/17 (insert date).

\* \*

Signature of Contracting Authority or Authorized Representative of Host Community



**\*\*Business Office Receipt\*\***

Salesperson: Ellen Boyd                      Order Number: CN13739176

Phone: (617) 716-6117                      Account #: 100262488  
Company: New England Cannabis                      Contact: - -  
PO Box 610063  
Newton, MA 02461

Title: MetroWest Daily News                      Class: Legals  
Start date: 10/31/2018                      Stop Date: 11/7/2018  
Insertions: 2                      Size: 1X  
Price: \$316.08

ZBA/29 EVERETT STREET  
**LEGAL NOTICE**  
PUBLIC HEARING NOTICE

In accordance with the Town of Holliston Zoning By-Laws and MGL c. 40A, the Board will hold a public hearing at 7:30 p.m. on Thursday, November 15, 2018 in the Selectmen's Meeting Room (#105) of Town Hall, 703 Washington Street. The Board will consider the petition of New England Cannabis Corporation for conversion of a portion of the existing building to be utilized for a Marijuana Establishment (Marijuana Cultivator and Product Manufacturer) under the provisions of Section III, Industrial Use G(7) pending Special Town Meeting approval. The locus is 29 Everett Street in the Industrial zoning district. The owner is 29 Everett Street, LLC.

Application materials are available in the Planning Office. All interested parties are invited to attend or submit written comments.

David Thorn  
Chairman

AD#13739176  
MWDN 10/31, 11/7/18

Payment Information

Receipt#  
Pmt. Type:  
Check#: HOLLISTON APPEALS  
CC. Number:    CC. Exp.:    CC. Approval:  
Invoice Total: \$316.08

## Municipal Cost Documentation

We have not yet requested from the host community records of any cost to the town of Holliston, MA reasonably related to the operation of our establishment as we are not yet operational.

# **PLAN TO POSITIVELY IMPACT AREAS OF DISPROPORTIONATE IMPACT**

## **OVERVIEW**

In an effort to promote and encourage full participation in the regulated cannabis industry by individuals from communities disproportionately harmed by marijuana prohibition and enforcement and to positively impact those communities, New England Cannabis Corporation, Inc. (the "Company") will seek to provide community benefits and positively impact disproportionately impacted communities. The Company will accomplish this by generating economic, social and charitable benefits.

Generally, the Company will work to:

- Help generate jobs.
- Increase the community's tax base.
- Provide new revenue for the community through a host agreement.
- Donate funds directly to local organizations that help disadvantaged populations.
- Support community public safety and recreational activities.
- Employ thoughtful hiring practices.

More specifically, the areas of disproportionate impact most accessible to our Holliston cultivation and manufacturing facility are Walpole and Mansfield. As such, we will focus our hiring practices and efforts to work to employ workers from Walpole and Mansfield, first.

Moreover, it has been determined that the Springfield Rescue Mission (the "Mission") located at 10 Mill Street, Springfield, MA 01108, Census Tract 8022, Hampden County, Massachusetts is an "area of disproportionate impact" as defined by the Cannabis Control Commission. The Mission, founded in 1892, provides emergency sheltering and life-transforming rehabilitation programs, hot meals, clean clothing and a second chance to its participants.

Our Company has met with the Mission to learn about their programmatic efforts and we have decided that our primary program focus will be working with the Mission.

## **GOALS**

As an applicant applying for any Marijuana Establishment license, and in an effort to provide community benefits and positively impact disproportionately impacted communities, the primary goals and objectives of our plan are:

- Focus our hiring practices and efforts to work to employ workers from Walpole and Mansfield.
- To assign roles, responsibilities, and procedures for ensuring deep, ongoing engagement with the Mission;
- To ensure that the Mission continues to meet the physical and spiritual needs of the hungry, homeless, addicted, and poor in the Springfield community;

## **PLAN TO POSITIVELY IMPACT AREAS OF DISPROPORTIONATE IMPACT**

- To support the Mission's Emergency Shelter and life-transforming Rehabilitation Program that provides safe shelter, hot meals, clean clothing and a second chance to its participants every year;
- To provide financial donations to the Mission in support of its efforts and programs, and to assist in its financial stability and growth.

### **PROGRAMS**

Our **EMPLOYMENT FIRST** program will ensure that our hiring practices FIRST seek to employ workers from Walpole and Mansfield. To this end, we will host job fairs in Walpole and Mansfield to look to hire our initial employees. We will then host job fairs from time-to-time as our hiring needs require. Additionally, we will post our hiring opportunities with non-profit, neighborhood and community organizations, and other appropriate social equity outlets in areas of disproportionate impact.

Our **ENHANCE THE MISSION** program will guide our efforts to work directly with the Mission to assist in advancing their impactful programs through volunteer days and financial donations. Every quarter, Company employees will work on-site to support the Mission's efforts from a volunteer perspective. Twice a year, we will make a monetary donation to the Mission in support of the following programs:

Emergency Shelter Program: The Mission's 43-bed Emergency Shelter provides the homeless with nutritious meals, safe shelter and hygiene items, as well as clothing, counseling and referrals to community resources as needed. The Emergency Shelter operates at capacity nearly every night and is expected to serve approximately 500 unduplicated participants annually, ages 18 and older.

Food Service Programs: The Mission provides 110,000 meals to individuals and families in need.

The Public Breakfast Program: Serves a well-balanced, full breakfast for up to 100 hungry men, women and children, six days per week, 7:00AM to 7:45AM. The Mission is the only organization in the community serving a Public Breakfast six days per week.

Operation SONshine: A mobile food service that delivers an average of 250 nutritious meals per day, on each day of operation, to residents in Springfield's low-income neighborhoods.

Traditional Holiday Meals: Over 2,300 hungry and homeless individuals are served at a sit-down holiday meal on Easter, Thanksgiving and Christmas.

Give Away Center: Clothing, shoes and coats, as well as bags of groceries filled with nutritious food items and food staples and other items for daily living are distributed by appointment to anyone in need and depending on our food inventory.

Men's New Life Rehabilitation Program: Provides biblical counseling and instruction to help men come to terms with their homelessness, addictions and other areas of their lives to return to the community. The Men's New Life Rehabilitation Program (MNLRP) works individually with participants to help them resolve a large number of problems so they can return to the community and sustain a productive life. SRM's facility at 10 Mill Street has a capacity for 60 dorm beds in MNLRP, an increase over the 40 dorm beds at the former facility at 19 Bliss Street.

## **PLAN TO POSITIVELY IMPACT AREAS OF DISPROPORTIONATE IMPACT**

Men's Transitional Living Program: Graduates of the Men's New Life Rehabilitation Program stay for up to 12 additional months in the Transitional Living Program located at 148 Taylor Street (Springfield) on the Second Floor. The men live in an alcohol-free and drug-free environment and receive meals and case management before making a full transition to independent living. Men's Transitional Program is an extension of Springfield Rescue Mission's Men's New Life Rehabilitation program where men continue working towards making a full transition to independent living.

### **MEASUREMENTS**

In an effort to properly assess the progress and success of our effort to promote and encourage full participation in the regulated cannabis industry by individuals from communities disproportionately harmed by marijuana prohibition and enforcement and to positively impact those communities, our efforts to implement, monitor and measure this plan will be governed by the establishment of a **POSITIVE COMMUNITY IMPACT COMMITTEE**.

The POSITIVE COMMUNITY IMPACT COMMITTEE will:

- Oversee the Company's efforts.
- Monitor this plan.
- Meet quarterly.
- Consist of no less than three members.
- Include at least one Company owner, one Company senior executive, and one employee from an area of disproportionate impact.
- Ensure the successful implementation of our hiring practices to include preference for workers from Walpole and Mansfield.
- Determine the monetary donation levels and ensure that funds are delivered timely.
- Collect data to measure the impact the Company's plan is having on the areas supported. Data collection examples include: workers from Walpole and Mansfield hired and promoted; Mission participants served; number of volunteer hours provided; total donations made, etc.
- Report the Company's success and efforts of this plan to all Company employees so they are aware of the important impact this plan is achieving.

### **ACKNOWLEDGEMENT**

The Company affirmatively states the following:

1. We acknowledge and are 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.



Commonwealth of Massachusetts  
Department of Revenue  
Christopher C. Harding, Commissioner

mass.gov/dor

Letter ID: L0351573632  
Notice Date: December 28, 2018  
Case ID: 0-000-501-457



## CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



NEW ENGLAND CANNABIS CORPORATION  
29 EVERETT ST  
HOLLISTON MA 01746-2059

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

The Commissioner of Revenue certifies that, as of the date of this certificate, NEW ENGLAND CANNABIS CORPORATION 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) 887-6367 or toll-free in Massachusetts at (800) 392-6089, Monday through Friday, 8:30 a.m. to 4:30 p.m..

### *Visit us online!*

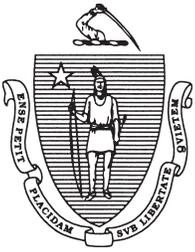
Visit [mass.gov/dor](http://mass.gov/dor) to learn more about Massachusetts tax laws and DOR policies and procedures, including your Taxpayer Bill of Rights, and MassTaxConnect for easy access to your account:

- 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



000000



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

William Francis Galvin  
Secretary of the  
Commonwealth

Date: December 28, 2018

To Whom It May Concern :

I hereby certify that according to the records of this office,

**NEW ENGLAND CANNABIS CORPORATION, INC.**

is a domestic corporation organized on **November 01, 2018** , under the General Laws of the Commonwealth of Massachusetts. I further certify that there are no proceedings presently pending under the Massachusetts General Laws Chapter 156D section 14.21 for said corporation's dissolution; that articles of dissolution have not been filed by said corporation; that, said corporation has filed all annual reports, and paid all fees with respect to such reports, and so far as appears of record said corporation has legal existence and is in good standing with this office.



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 Number: 18120538880

Verify this Certificate at: <http://corp.sec.state.ma.us/CorpWeb/Certificates/Verify.aspx>

Processed by:

BY-LAWS  
OF  
NEW ENGLAND CANNABIS CORPORATION, INC.

Article 1.

Definitions

Section 1.01 Name. The “Corporation” shall mean: New England Cannabis Corporation, Inc., its successors and assigns.

Section 1.02 Board. The “Board” shall mean the Board of Directors of the Corporation.

Article 2.

Purposes, Objectives and Governing Instruments

Section 2.01 The corporation is organized exclusively as a Domestic Profit Corporation including, but not limited to, providing medical and recreational marijuana to registered patients and customers in the Commonwealth of Massachusetts. The corporation may, as permitted by law, engage in any and all activities in furtherance of, related to, or incidental to these purposes which may lawfully be carried on by a corporation formed under Chapter 180 of the General Laws of Massachusetts, provided that the corporation shall at all times comply with the Massachusetts Code of Regulations and all appropriate laws, regulations and guidelines for medical and recreational marijuana issued by the Massachusetts Cannabis Control Commission.

Section 2.02 Governing Instruments. The Corporation shall be governed by its Articles of Incorporation and its Bylaws.

Section 2.03 Nondiscrimination Policy. The Corporation will not practice or permit any unlawful discrimination on the basis of sex, age, race, color, national origin, religion, physical handicap or disability, or any other basis prohibited by law.

Section 2.04 Limitations on Activities. No part of the activities of the Corporation shall consist of participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office.

Section 2.05 Conflict of Interest. A transaction in which a director or officer of the corporation has a financial or personal interest shall not be per se prohibited

if it is determined that such transaction serves the best interests of the corporation. Whenever a director or officer has a financial or personal interest in any matter coming before the board of directors, the affected person shall a) fully disclose the nature of the interest and b) withdraw from discussion, lobbying, and voting on the matter. Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of disinterested directors determine that it is in the best interest of the corporation to do so. The minutes of meetings at which such votes are taken shall record such disclosure, abstention and rationale for approval.

### Article 3.

#### Membership

The Corporation shall have one class of members.

### Article 4.

#### Directors

Section 4.01 Annual Meeting. A meeting of the Board shall be held annually at such place, on such date and at such time as may be fixed by the Board, for the purpose of electing Directors, receiving annual reports of the Board and Officers, and for the transaction of such other business as may be brought before the meeting.

Section 4.02 Number. The number of Directors constituting the entire Board shall be fixed by the Board, but such number shall not be less than two (2).

Section 4.03 Election and Term of Office. The initial Directors of the Corporation shall be those persons specified in the Certificate of Incorporation of the Corporation. Each Director shall hold office until the next annual meeting of the Board and until such Director's successor has been elected and qualified, or until his or her death, resignation or removal.

Section 4.04 Powers and Duties. Subject to the provisions of law, of the Certificate of Incorporation and of these By-Laws, but in furtherance and not in limitation of any rights and powers thereby conferred, the Board shall have the control and management of the affairs and operations of the Corporation and shall exercise all the powers that may be exercised by the Corporation.

Section 4.05 Additional Meetings. Regular meetings of the Board may be held at such times as the Board may from time to time determine. Special meetings of the Board may also be called at any time by the President or by a majority of the Directors then in office.

Section 4.06 Notice of Meetings. No notice need be given of any annual or regular meeting of the Board. Notice of a special meeting of the Board shall be given by

service upon each Director in person or by mailing the same to him at his or her post office address as it appears upon the books of the Corporation at least two business days (Saturdays, Sundays and legal holidays not being considered business days for the purpose of these By-Laws) if given in person, or at least four business days, if given by mailing the same, before the date designated for such meeting specifying the place, date and hour of the meeting. Whenever all of the Directors shall have waived notice of any meeting either before or after such meeting, such meeting shall be valid for all purposes. A Director who shall be present at any meeting and who shall not have protested, prior to the meeting or at its commencement, the lack of notice to him, shall be deemed to have waived notice of such meeting. In any case, any acts or proceedings taken at a Directors' meeting not validly called or constituted may be made valid and fully effective by ratification at a subsequent Directors' meeting that is legally and validly called. Except as otherwise provided herein, notice of any Directors' meeting or any waiver thereof need not state the purpose of the meeting, and, at any Directors' meeting duly held as provided in these By-Laws, any business within the legal province and authority of the Board may be transacted.

Section 4.07 Quorum. At any meeting of the Board, a majority of the Directors then in office shall be necessary to constitute a quorum for the transaction of business. However, should a quorum not be present, a majority of the Directors present may adjourn the meeting from time to time to another time and place, without notice other than announcement at such meeting, until a quorum shall be present.

Section 4.08 Voting. At all meetings of the Board, each Director shall have one vote. In the event that there is a tie in any vote, the President shall have an additional vote to be the tie-breaker.

Section 4.09 Action Without a Meeting. Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or any such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or any such committee shall be filed with the minutes of the proceedings of the Board or such committee.

Section 4.10 Removal. Any Director may be removed for cause by vote of the Board provided there is a quorum of not less than a majority present at the meeting at which such action is taken.

Section 4.11 Resignation. Any Director may resign from office at any time by delivering a resignation in writing to the Board of Directors, and the acceptance of the resignation, unless required by its terms, shall not be necessary to make the resignation effective.

Section 4.12 Vacancies. Any newly created directorships and any vacancy occurring on the Board arising at any time and from any cause may be filled by the

vote of a majority of the Directors then in office at any Directors' meeting. A Director elected to fill a vacancy shall hold office for the unexpired term of his or her predecessor.

Section 4.13 Committee. The Board, by resolution adopted by a majority of the entire Board, may designate from among the Directors an executive committee and other standing committees, each consisting of one or more Directors, to serve at the pleasure of the Board, and each of which, to the extent provided in such resolution, shall have the authority of the Board. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent member or members at any meeting of such committee.

Section 4.14 Participation by Telephone. Any one or more members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

## Article 5.

### Officers

Section 5.01 Election and Qualifications; Term of Office. The Officers of the Corporation shall be a President, a Secretary, a Treasurer, and a Vice-President. The Officers shall be elected by the Board at the annual meeting of the Board and each Officer shall hold office for a term of one year and until such Officer's successor has been elected or appointed and qualified, unless such Officer shall have resigned or shall have been removed as provided in Sections 8 and 9 of this Article V. The same person may hold more than one office, except that the same person may not be both President and Secretary. The Board may appoint such other Officers as may be deemed desirable, including one or more Vice-Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. Such Officers shall serve for such period as the Board may designate.

Section 5.02 Vacancies. Any vacancy occurring in any office, whether because of death, resignation or removal, with or without cause, or any other reason, shall be filled by the Board.

Section 5.03 Powers and Duties of the President. The President shall be the Chief Executive Officer of the Corporation. The President shall from time to time make such reports of the affairs and operations of the Corporation as the Board may direct and shall preside at all meetings of the Board. The President shall have such other powers and shall perform such other duties as may from time to time be assigned to the President by the Board.

Section 5.04 Powers and Duties of the Vice-Presidents. Each of the Vice-Presidents, if any, shall have such powers and shall perform such duties as may from time to time be assigned to such Vice President by the Board.

Section 5.05 Powers and Duties of the Secretary. The Secretary shall record and keep the minutes of all meetings of the Board. The Secretary shall be the custodian of, and shall make or cause to be made the proper entries in, the minute book of the Corporation and such books and records as the Board may direct. The Secretary shall be the custodian of the seal of the Corporation and shall affix such seal to such contracts, instruments and other documents as the Board or any committee thereof may direct. The Secretary shall have such other powers and shall perform such other duties as may from time to time be assigned to the Secretary by the Board.

Section 5.06 Powers and Duties of the Treasurer. The Treasurer shall be the custodian of all funds and securities of the Corporation. Whenever so directed by the Board, the Treasurer shall render a statement of the cash and other accounts of the Corporation, and the Treasurer shall cause to be entered regularly in the books and records of the Corporation to be kept for such purpose full and accurate accounts of the Corporation's receipts and disbursements. The Treasurer shall at all reasonable times exhibit the books and accounts to any Director upon application at the principal office of the Corporation during business hours. The Treasurer shall have such other powers and shall perform such other duties as may from time to time be assigned to the Treasurer by the Board.

Section 5.07 Delegation. In case of the absence of any Officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may at any time and from time to time delegate all or any part of the powers or duties of any Officer to any other Officer or to any Director or Directors.

Section 5.08 Removal. Any Officer may be removed from office at any time, with or without cause, by a vote of a majority of the Directors then in office at any meeting of the Board.

Section 5.09 Resignation. Any Officer may resign his or her office at any time, such resignation to be made in writing and to take effect immediately without acceptance by the Corporation.

## Article 6.

### Bank Accounts, Checks, Contracts and Investments

Section 6.01 Bank Accounts, Checks and Notes. The Board is authorized to select the banks or depositories it deems proper for the funds of the Corporation. The Board shall determine who shall be authorized from time to time on the Corporation's behalf to sign checks, drafts or other orders for the payment of money, acceptances, notes or other evidences of indebtedness.

Section 6.02 Contracts. The Board may authorize any Officer or Officers, agent or agents, in addition to those specified in these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no Officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

Section 6.03 Investments. The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, or stocks, bonds or other securities, as the Board may deem desirable.

## Article 7.

### Indemnification

Section 7.01 Indemnity Under Law. The Corporation shall indemnify and advance the expenses of each person to the full extent permitted by law.

Section 7.02 Additional Indemnification.

(a) The Corporation hereby agrees to hold harmless and indemnify each of its Directors, Officers, employees and agents (the "Indemnitee") from and against, and to reimburse the Indemnitee for, any and all judgments, fines, liabilities, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred, as a result of or in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than one by or in the right of the Corporation to procure a judgment in its favor, including an action, suit or proceeding by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise for which the Indemnitee served in any capacity at the request of the Corporation, to which the Indemnitee is, was or at any time becomes a party, or is threatened to be made a party, or as a result of or in connection with any appeal therein, by reason of the fact that the Indemnitee is, was or at any time becomes a Director or Officer of the Corporation, or is or was serving or at any time serves such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, whether arising out of any breach of the Indemnitee's fiduciary duty as a Director, Officer, employee or agent of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise under any state or federal law or otherwise; provided, however, that no indemnity pursuant to this Section 2 shall be paid by the Corporation (i) if a judgment or other final adjudication adverse to the Indemnitee establishes that the Indemnitee's acts were committed in bad

faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that the Indemnitee personally gained in fact a financial profit or other advantage to which the Indemnitee was not legally entitled; or (ii) if a final judgment by a court having jurisdiction in the matter shall determine that such indemnification is not lawful. The termination of any such civil or criminal action or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create any presumption that the Indemnitee acted in bad faith and/or was dishonest.

(b) The obligation of the Corporation to indemnify contained herein shall continue during the period the Indemnitee serves as a Director, Officer, employee or agent of the Corporation and shall continue thereafter so long as the Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the Indemnitee was a Director or Officer of the Corporation or served at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

(c) Promptly after receipt by the Indemnitee of notice of the commencement of any action, suit or proceeding, the Indemnitee will, if a claim in respect thereof is to be made against the Corporation under this Section 2, notify the Corporation of the commencement thereof; but the omission so to notify the Corporation will not relieve it from any liability which it may have to the Indemnitee otherwise than under this Section 2. With respect to any such action, suit or proceeding as to which the Indemnitee notifies the Corporation of the commencement thereof:

(i) The Corporation will be entitled to participate therein at its own expense; and,

(ii) Except as otherwise provided in the last sentence of this subpart ii, to the extent that it may wish, the Corporation jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel satisfactory to the Indemnitee. After notice from the Corporation to the Indemnitee of its election so to assume the defense thereof, the Corporation will not be liable to the Indemnitee under this Section 2 for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided in the last sentence of this subpart ii. The Indemnitee shall have the right to employ his or her own counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless

(A) the employment of counsel by the Indemnitee has been authorized by the Corporation in connection with the defense of such action, (B) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and the Indemnitee in the conduct of the defense of such action, or (C) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel for the Indemnitee shall be borne by the Corporation (it being understood, however, that the Corporation shall not be liable for the expenses of more than one counsel for the Indemnitee in connection with any action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances). The Corporation shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Corporation or as to which the Indemnitee shall have made the conclusion provided for in clause (B) of the preceding sentence of this subpart ii.

(iii) Anything in this Section 2 to the contrary notwithstanding, the Corporation shall not be liable to indemnify the Indemnitee under this Section 2 for any amounts paid in settlement of any action or claim effected without its written consent. The Corporation shall not settle any action or claim in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. Neither the Corporation nor any such person will unreasonably withhold their consent to any proposed settlement.

(d) In the event of any threatened or pending action, suit or proceeding which may give rise to a right of indemnification from the Corporation to the Indemnitee pursuant to this Section 2, the Corporation shall pay, on demand, in advance of the final disposition thereof, expenses incurred by the Indemnitee in defending such action, suit or proceeding, other than those expenses for which the Indemnitee is not entitled to indemnification pursuant to clause (ii) of the proviso to part (a) of this Section 2 or part (b) of this Section 2. The Corporation shall make such payments upon receipt of (i) a written request made by the Indemnitee for payment of such expenses, (ii) an undertaking by or on behalf of the Indemnitee to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation hereunder, and (iii) evidence satisfactory to the Corporation as to the amount of such expenses. The Indemnitee's written certification together with a copy of the statement paid or to be paid by the Indemnitee shall constitute satisfactory evidence as to the amount of such expenses.

(e) The rights to indemnification and advancement of expenses granted to the Indemnitee under this Section 2 shall not be deemed exclusive, or in

limitation of any other rights to which the Indemnitee may now or hereafter be entitled under the Corporation's Certificate of Incorporation or otherwise under the Corporation's By-Laws, as now in effect or as hereafter amended, any agreement, any vote of members or Directors, any applicable law, or otherwise.

Section 7.03 Limitation. No amendment, modification or rescission of this Article VII shall be effective to limit any person's right to indemnification with respect to any alleged cause of action that accrues or other incident or matter that occurs prior to the date on which such modification, amendment or rescission is adopted.

#### Article 8.

##### Dissolution

The Corporation may be dissolved only upon adoption of a plan of dissolution and distribution of assets by the Board that is consistent with the Certificate of Incorporation and with State law.

#### Article 9.

##### Amendments

These By-Laws may be altered, amended, added to or repealed at any meeting of the Board called for that purpose by the vote of a majority of the Directors then in office.

#### Article 10.

##### Construction

In the case of any conflict between the Certificate of Incorporation of the Corporation and these By-Laws, the Certificate of Incorporation of the Corporation shall control.

These Bylaws were adopted at a meeting of the Board of Directors of New England Cannabis Corporation on November 1, 2018.

---

Kenneth Stevens  
President

---

Kuldip Vaid  
Secretary

---

Kenneth Stevens  
Treasurer

# The Commonwealth of Massachusetts

**William Francis Galvin**

Secretary of the Commonwealth

One Ashburton Place, Room 1717, Boston, Massachusetts 02108-1512

\_\_\_\_\_  
Examiner

## ARTICLES OF ORGANIZATION

(General Laws, Chapter 180)

\_\_\_\_\_  
Name  
Approved

### ARTICLE I

The exact name of the corporation is:

New England Cannabis Corporation, Inc.

### ARTICLE II

The purpose of the corporation is to engage in the following activities:

Specifically engaged in the growing and sale of medical marijuana per Massachusetts statutes.

C

P

M

R.A.

\_\_\_\_\_  
P.C.

*Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on one side only of separate 8 1/2 x 11 sheets of paper with a left margin of at least 1 inch. Additions to more than one article may be made on a single sheet so long as each article requiring each addition is clearly indicated.*

### ARTICLE III

A corporation may have one or more classes of members. If it does, the designation of such classes, the manner of election or appointments, the duration of membership and the qualification and rights, including voting rights, of the members of each class, may be set forth in the by-laws of the corporation or may be set forth below:

The corporation will only have 10,000 shares of common stock with no par value, no preference for dividends, and only a single class of common stock.

### ARTICLE IV

\*\*Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or members, or of any class of members, are as follows:

Shares must be offered back to the corporation for sale. In the event that a shareholder receives a higher bid for their stock, they must present the offer to the treasurer, who will convene the board, and utilize their right to match or better the offer received by the shareholder. If they meet or exceed the offer for the shares, the corporation will have the right of first refusal.

### ARTICLE V

The by-laws of the corporation have been duly adopted and the initial directors, president, treasurer and clerk or other presiding, financial or recording officers, whose names are set out on the following page, have been duly elected.

*\*\*If there are no provisions, state "None".*

*Note: The preceding four (4) articles are considered to be permanent and may only be changed by filing appropriate Articles of Amendment.*

**ARTICLE VI**

The effective date of organization of the corporation shall be the date approved and filed by the Secretary of the Commonwealth. If a *later* effective date is desired, specify such date which shall not be more than *thirty days* after the date of filing.

November 1, 2018

**ARTICLE VII**

The information contained in Article VII is not a permanent part of the Articles of Organization.

a. The street address (post office boxes are not acceptable) of the principal office of the corporation *in Massachusetts* is:

29 Everett Street, Holliston, MA 01746

b. The name, residential address and post office address of each director and officer of the corporation is as follows:

	NAME	RESIDENTIAL ADDRESS	POST OFFICE ADDRESS
President:	Kenneth Stevens	29 Everett Street, Holliston, MA 01746	29 Everett Street, Holliston, MA 01746
Treasurer:	Kenneth Stevens	29 Everett Street, Holliston, MA 01746	29 Everett Street, Holliston, MA 01746
Clerk:	Kenneth Stevens	29 Everett Street, Holliston, MA 01746	29 Everett Street, Holliston, MA 01746
Directors: (or officers having the powers of <i>directors</i> )	Kenneth Stevens	29 Everett Street, Holliston, MA 01746	29 Everett Street, Holliston, MA 01746

c. The fiscal year of the corporation shall end on the last day of the month of: December

d. The name and business address of the resident agent, if any, of the corporation is:  
Kenneth Stevens. 29 Everett Street, Holliston, MA 01746

I/We, the below signed incorporator(s), do hereby certify under the pains and penalties of perjury that I/we have not been convicted of any crimes relating to alcohol or gaming within the past ten years. I/We do hereby further certify that to the best of my/our knowledge the above-named officers have not been similarly convicted. If so convicted, explain.

IN WITNESS WHEREOF AND UNDER THE PAINS AND PENALTIES OF PERJURY, I/we, whose signature(s) appear below as incorporator(s) and whose name(s) and business or residential address(es) *are clearly typed or printed* beneath each signature, do hereby associate with the intention of forming this corporation under the provisions of General Laws, Chapter 180 and do hereby sign these Articles of Organization as incorporator(s) this 1 day of November, 2018.

/s/Kenneth Stevens

29 Everett Street, Holliston, MA 01746

*Note: If an existing corporation is acting as incorporator, type in the exact name of the corporation, the state or other jurisdiction where it was incorporated, the name of the person signing on behalf of said corporation and the title he/she holds or other authority by which such action is taken.*

## Plan for Obtaining Liability Insurance

New England Cannabis has obtained a commitment for liability insurance and other general coverage to provide for general liability, property coverage, coverage for business income and additional expenses and product liability. The general liability policy will have \$1,000,000 per occurrence, \$2,000,000 in aggregate annually, product liability for \$1,000,000 per occurrence and \$2,000,000 in aggregate. The deductible for the liability policy is \$5,000 per occurrence.

VERSION 1.1  
JANUARY 2019

# NEW ENGLAND CANNABIS CORPORATION, INC.

HIGH-QUALITY CULTIVATION AND PROCESSING MARIJUANA ESTABLISHMENT

CONFIDENTIAL

**CONFIDENTIAL START-UP OVERVIEW**

**NEW ENGLAND CANNABIS CORPORATION, INC.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THIS CONFIDENTIAL START-UP OVERVIEW.**

**TO ALL PROSPECTIVE PARTICIPANTS:**

**IN MAKING A PARTICIPATION DECISION, THOSE REVIEWING THIS OVERVIEW MUST RELY ON THEIR OWN EXAMINATION OF THE PROSPECTIVE COMPANY, INCLUDING THE MERITS AND RISKS INVOLVED.**

---

**ANY REPRODUCTION OR DISTRIBUTION OF THIS OVERVIEW, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS TO ANY PERSON OTHER THAN THE PERSON RECEIVING THIS OVERVIEW DIRECTLY, WITHOUT THE PRIOR WRITTEN CONSENT OF THE ADVISOR, IS PROHIBITED.**

---

**ANY PARTICIPATION IN THIS EFFORT WILL ENTAIL A HIGH DEGREE OF RISK. NO PARTY SHOULD PARTICIPATE WHO IS NOT IN A POSITION TO LOSE, AND CANNOT AFFORD THE LOSS OF, HIS, HER OR ITS ENTIRE INVESTMENT. SEE "RISK FACTORS".**

---

**THE COMPANY HAS AGREED TO MAKE AVAILABLE, PRIOR TO THE CONSUMMATION OF ANY PARTICIPATION IN THE COMPANY, THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE COMPANY'S MANAGEMENT OR ANY PERSON ACTING ON THE COMPANY'S BEHALF CONCERNING THE INFORMATION CONTAINED IN THIS OVERVIEW.**

---

**THIS OVERVIEW DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE IN ANY STATE OR IN ANY OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.**

---

TABLE OF CONTENTS

EXECUTIVE SUMMARY .....4

    MARIJUANA OVERVIEW .....4

    Concentrates and Infused Products Sector Analyses.....8

    MASSACHUSETTS MARIJUANA APPROVAL .....9

    NEW ENGLAND CANNABIS CORPORATION.....10

MISSION STATEMENT .....11

SITE PLANNING AND ANALYSIS .....11

PRO FORMA FINANCIAL information .....12

    ASSUMPTIONS REGARDING PRO-FORMA FINANCIAL STATEMENTS .....12

    Initial 12 month ramp-up PRO FORMA FINANCIAL informaation .....13

TEAM MEMBERS .....13

    President .....13

    Growing Facility Manager .....13

    Delivery Manager.....14

    Mechanic.....14

    Grow Facility Employees .....14

    Plant Trimmer .....15

    Harvesting staff .....15

    Edibles Chef .....15

    Kitchen Staff .....16

    Packaging and Labeling.....16

    Internal Auditor .....17

    Drivers .....17

    Security .....17

    Marketing.....17

MARKETING PLAN .....18

    BRAND DEVELOPMENT .....18

    SOCIAL MEDIA.....18

    Web Plan .....18

    Product Awareness .....19

    Price .....19

    Customer Retention .....19

ADMINISTRATIVE CONTROLS .....19

    INVENTORY CONTROL.....19

INVENTORY REPORTS.....20

STORAGE PROCEDURES .....21

PACKAGING AND LABELING .....22

CULTIVATION.....24

    FACILITY .....24

    PROJECTED WORK FLOW/GROWING GUIDE .....26

    CANNABIS CULTIVATION.....27

    STAGES OF DEVELOPMENT/PRODUCTION .....27

    Training of Cultivation Facility Personnel.....28

PROCESSING .....29

    TRIMMING PROCEDURES.....30

    EXTRACTION PROTOCOLS .....30

    Freshly Cut Raw Flower.....31

    Dried Flower.....31

    Kief .....31

    Slurry.....31

    Hash .....31

    Essential Oil.....32

    Edibles.....32

    Oil.....32

    Tea .....32

    Tincture.....32

    Topical.....32

    Suppository .....32

SEED-TO-SALE COMPLIANCE .....35

COMPLIANCE CHECKLISTS .....35

MARIJUANA ESTABLISHMENT SECURITY PLAN .....36

    Camera and Video Security.....36

    SECURITY SURVEILLANCE FOOTAGE .....37

    ACCESS TO SURVEILLANCE FOOTAGE .....37

    Facility Security .....37

    Perimeter Security .....38

RISK FACTORS.....40

# NEW ENGLAND CANNABIS CORPORATION

## Business Plan

---

### EXECUTIVE SUMMARY

#### MARIJUANA OVERVIEW

About forty years ago, Congress officially placed marijuana in Schedule I of the Controlled Substances Act. Essentially, the government concluded that the drug had a high potential for abuse. In the mid-90's, many activists began to rally around the drug's purported medicinal benefits. The Medical Marijuana Project was founded in 1995 to "increase public support for non-punitive, non-coercive marijuana policies" and to gain influence in Congress. A number of studies, both public and private, were funded to test the veracity of marijuana's medicinal worth. One such study in 1999 found that "The active ingredients in marijuana appear to be useful for treating pain, nausea and the severe weight loss associated with AIDS," according to the *The New York Times*. Slowly, states began to adopt legislation to make it easier for medical marijuana to be disseminated.

Over the past 15 years, led by California, 15 states plus the District of Columbia have adopted laws permitting some form of marijuana consumption or distribution for medical use. In 2009, the Obama administration ordered federal prosecutors not to prioritize legal action against medical marijuana dispensaries that comply with state laws (the Cole Memorandum, issued August 29, 2013 by United States Deputy Attorney General James M. Cole, stated that given its limited resources, the Justice Department would not enforce federal marijuana prohibition in states that "legalized marijuana". The Cole Memorandum was rescinded by Attorney General Jeff Sessions in January 2018, during the presidency of Donald Trump). This controversial decision has been critical to the growth of the medical marijuana industry. These conditions have combined to produce the first legal marijuana markets in modern times. This emerging market presents unique opportunities to entrepreneurs and investors as well as unique risks.

Debra Borchart, a contributor at Forbes.com, in her article *Marijuana Businesses Find It Hard To Measure Success*, notes that most people believe marijuana dispensaries are hugely profitable. The reality is that cannabis retailers face challenges that regular retailers don't. There are restrictions on advertising, inventory and a product that is still technically illegal. However, it's a retail business that can't advertise in traditional channels and is mostly limited to social media to promote their dispensaries. The businesses face banking issues since many banks won't work with them. There are security problems that require expensive solutions and a customer that can't engage in self-service. This means a lot of well-trained staff for one-on-one service. Businesses have to hire special consultants, lawyers, and accountants and find locations to set up shop.

Profit margins are another traditional method for retailers to compare success. The profit margins for marijuana businesses are hard to compare. In Los Angeles prices for medical marijuana have dropped due to all the competition. More established operations can enjoy 40-50% profit margins, while newer shops may only see 20%.<sup>1</sup>

Nearly 60% of dispensary owners who responded to a recent industry survey said they take in \$500,000 or less in annual revenues, according to first-of-its-kind data in the newly released Marijuana Business

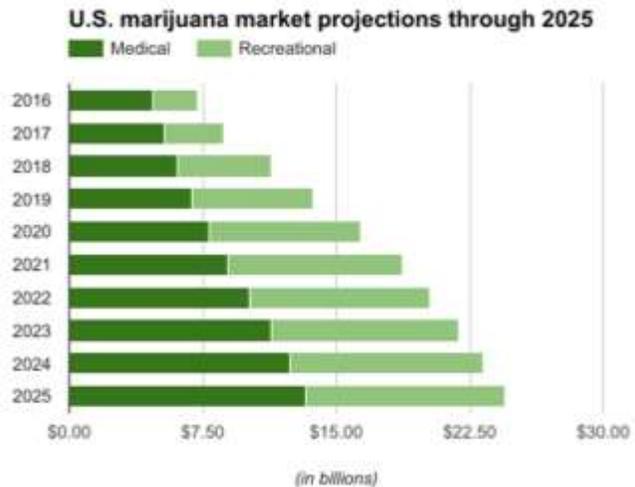
---

<sup>1</sup> Forbes.

Factbook, published by MMJ Business Daily. A fair share (27% of all respondents) reported sales of between \$100,000 and \$250,000, while 15% said they bring in less than \$100,000 a year.

The good news is that if you put in the hard work, follow local regulations and implement best practices, the potential is indeed sky high. More than a quarter of dispensaries in the survey reported annual revenues of more than \$1 million, and another 15% said they generate between \$500,000 and \$1 million.

Dispensaries at the top end of the spectrum often have thousands – or even tens of thousands – of loyal patients, professional packaging and tested products, a dozen or more employees and multiple locations within one state. Dispensaries on the lower end (less than \$100,000) typically are mom-and-pop shops or tiny storefronts in rural areas where the market is small. These dispensaries often have just a few hundred customers and are staffed by the owner and maybe a part-time employee or two.



How big a dispensary gets from a revenue perspective depends on many factors, including local regulations, plant limits and permitting and licensing requirements (the higher these are, the larger dispensaries usually are). Additionally, it depends on the intentions of the owner. Some entrepreneurs prefer to fly under the radar given the industry's shaky legal status, so they keep their dispensaries small to avoid unwanted attention and scrutiny.<sup>2</sup>

The Cannabis Industry 2017 Annual Report has revealed that sales of medical and recreational marijuana are going to start taking off in 2018. Sales of medical and recreational marijuana are going to reach \$4.75 and \$6 billion this year respectively. By 2023, both forms of the drug will be higher than \$20 billion before hitting \$24 billion in 2025.<sup>3</sup>

In 2017, it is expected that overall marijuana sales in the United States at the retail level to soar by roughly 30%, hitting \$5.1 billion-\$6.1 billion on the back of continued growth in existing recreational cannabis markets.

In fact, rec sales are expected to surpass medical this year for the first time ever. Medical marijuana sales also are expected to buoy the industry, fueled in part by the expected launch of MMJ markets in Maryland and Hawaii. At the same time, fledging medical marijuana programs in states such as Illinois, Nevada and New York could post impressive growth this year.

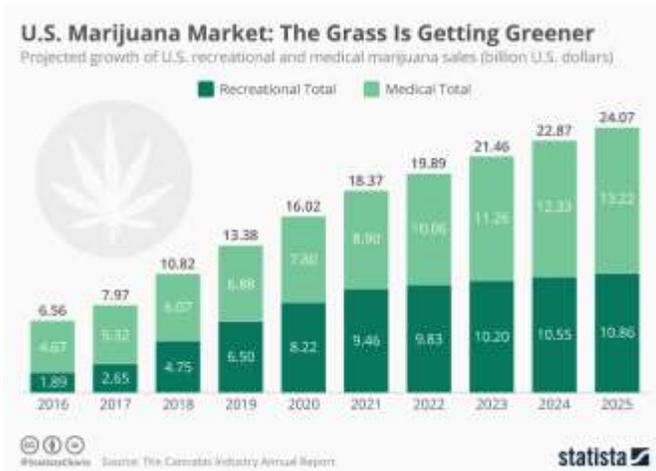
The expected growth this year comes after a solid 2016, when recreational cannabis sales jumped by 80% to hit \$1.8 billion. Colorado and Washington led the charge, while Oregon's adult-use market posted strong sales gains in its first full calendar year of operation. The industry also saw a spike in medical marijuana sales last year, as patient counts rose in new MMJ states and continued climbing in mature markets like Arizona and Michigan.

<sup>2</sup> Marijuana Business Daily

<sup>3</sup> Niall McCarthy, Forbes, *The Grass Is Only Getting Greener For The U.S. Marijuana Market*, Jan 3, 2018

The increase in retail sales over the next five years will provide a substantial economic boost for the United States.

The level of sophistication and involvement among investors in the marijuana industry varies quite widely, as some belong to cannabis-specific venture capital firms while others have taken a material interest in a friend or family member's cannabis business. For example, only a handful of investors in our survey indicated they intend to invest over \$25 million in cannabis companies this year alone, whereas a large portion of respondents plan to invest less than \$20,000.



But in general, more investors are pumping money into the cannabis industry than ever before, and they're also increasing the size of their capital placements. The average investor/investment firm involved in the marijuana industry has placed \$450,000 in cannabis companies to date, with each investment coming in around \$100,000. But investors are looking to place much bigger bets in 2017. According to our survey for the Factbook, investors plan to invest half a million dollars on average in marijuana businesses this year alone.

By 2025, New Frontier estimates that the more than two-dozen states with medical marijuana programs, and the nine recreational marijuana markets (including Washington, D.C.) should be fully operational, with the goliath California accounting for more than \$6.59 billion — more than one-quarter — of the national sales.

Colorado, the first state with legalized adult-use cannabis sales, is projected to reach \$1.94 billion in medical and recreational sales by 2025, placing it fourth behind California, Florida's medical-only market (\$2.51 billion), and Washington state (\$2.14 billion).

Colorado marijuana shops had roughly \$1.3 billion in sales for 2016, according to The Cannabist's calculations of Colorado Department of Revenue tax data.

New Frontier's eye on '25 shows that some of the newly recreational states will see some negative pressure put on medical sales; however, medical marijuana sales will continue to account for more than half of the \$24.5 billion market.

A report by New Frontier Data in partnership with Arcview Market Research, indicates that the legalization of cannabis in California, Massachusetts, Nevada, Florida, Arkansas and North Dakota will result in new markets that will account for \$7.1 billion in sales by 2020. The data estimates that the total U.S. cannabis market will surpass \$20.9 billion by 2020. By segment, the medical cannabis market was worth \$4.7 billion in 2016 and is expected to grow to \$13.3 billion by 2025. Recreational cannabis sales during the same period are projected to grow at a 21 percent CAGR, from \$1.9 billion to \$10.9 billion.

60% of the U.S. population (thirty states and the District of Columbia) now lives in states that have legalized some form of cannabis use and sales, illustrating the rising acceptance of cannabis nationwide and highlighting the industry's immense potential for future growth. There are 30 States that now allow cannabis for medical use, 16 States allow Cannabidiol (CBD), 9 States and the District of Columbia now allow for recreational cannabis use. Legal cannabis reached almost \$10 billion in North America in 2017, according to a new report from cannabis industry analysts Arcview Market Research, in partnership with

BDS Analytics. That represents an unprecedented 33% increase over 2016. There are 9,397 active licenses for cannabis businesses in the U.S., according to Ed Keating, chief data officer for Cannabiz Media, which tracks cannabis licenses. This includes cultivators, manufacturers, retailers, distributors, deliverers and test labs. The industry employed 121,000 people in 2017. If cannabis continues its growth trajectory, the number of workers in that field could reach 292,000 by 2021, according to BDS Analytics.<sup>4</sup>

The National Conference of State Legislatures notes:

Eight states and the District of Columbia now have legalized small amounts of marijuana for adult recreational use. On Nov. 8, 2016, voters in four states, California, Maine, Massachusetts and Nevada, approved adult-use recreational marijuana, while voters in Arizona disapproved. Colorado and Washington measures passed in 2012, and Alaska, Oregon and District of Columbia in the fall of 2014. In 2015, Ohio voters defeated a ballot measure that addressed commercial production and sale of recreational marijuana. No state legislature, to date, has legalized recreational marijuana separate from a voter initiative.

In 2017, 20 states have bills pending that would legalize adult-use marijuana: Arizona, Connecticut, Delaware, Georgia, Hawaii, Kansas, Kentucky, Maryland, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, New York, Pennsylvania, Rhode Island, Utah, Vermont and West Virginia. A bill considered in Hawaii would authorize counties to adopt legal marijuana policies.

In addition, measures in Georgia, Minnesota, Missouri, Montana, New Hampshire, New Mexico, New Jersey and Wyoming proposed a constitutional initiative or other voter approval for adult-use legal marijuana but none of these measures passed.

Study bills were filed in Hawaii, Massachusetts, New Hampshire, New Mexico, North Dakota and Rhode Island. The measures in New Hampshire and Rhode Island were enacted and established commissions to study the legalization, regulation and taxation of marijuana.

Bills to repeal voter initiatives approving adult-use legal marijuana were introduced in 2017 but did not pass in Maine and Washington and a repeal bill is still pending in Massachusetts.

In 2016 the Vermont Senate approved but the House did not advance a bill (SB 241) that would have removed civil penalties for possession of limited amounts of cannabis for personal use and created a regulated adult-use market. Vermont was one of 21 states in 2016 where bills were introduced to legalize, regulate and tax marijuana. Also, in 2015, 21 states had bills introduced but not advanced, as did 15 states in 2014 and 13 states in 2013.

Several bills before state legislatures this year address the federal role in marijuana policies. In California, a pending bill would prohibit a state or local agency from taking any actions, absent a court order, to assist a federal agency in marijuana investigation or enforcement. A pending measure in Washington state similarly would prohibit the use of public resources to assist the federal government in any activity that might impede or interfere with the state's lawful regulation of marijuana and marijuana-related products. Bills or resolutions pending in California, Georgia, Massachusetts, Michigan, Ohio and Pennsylvania call on Congress to reschedule or otherwise allow state authority for marijuana policy. Meanwhile, on the federal front, several bills now before the Congress would allow state adult-use legal marijuana and end federal prohibition, while another would address and improve tax policy for state-legal marijuana businesses.

---

<sup>4</sup> BDS Analytics

## CONCENTRATES AND INFUSED PRODUCTS SECTOR ANALYSES



Ryan Long, the head of business development for California-based Absolute Extracts, figures that there are probably “hundreds” of concentrate producers across the country. That estimate includes companies focused specifically on making concentrates, dispensaries that produce and sell their own concentrates, and small one- to two-man operations in places where concentrates are still either illegal or only partly legal, such as in Michigan. Many of today’s larger concentrates companies started as tiny operations, but a good number have quickly moved out of basements and into industrial warehouses featuring high-tech equipment that costs tens of thousands of dollars.

From a business perspective, the profit margins can be huge, in some cases up to 60%. And demand is growing rapidly as the availability of concentrates increases.

Customers are also willing to shell out top-dollar for these products. Nationally, patients and consumers who favor concentrates spend an average of \$4,800 each year, more than double the average amount spent by cannabis users in general, according to *What Cannabis Patients and Consumer Want*, a marketing research report published by Marijuana Business Daily.

**Trends** - Companies are going to be constantly on the lookout for ways to improve their processes and maximize their returns on the cannabis plants they use. One of the key hurdles that concentrates must face has to do with a negative public perception of the extraction process. However, as innovation and technology become a more integral part of the industry, producers of concentrates are developing cleaner, safer, and more efficient tools and processes to overcome this stereotype.

Infused products and edibles are the fastest growing category in the cannabis industry, proving extremely popular with recreational consumers and medical patients alike. While flower still accounts for the majority of retail sales, concentrates and edibles continue to eat into flower’s share of the market with each passing year.

Manufacturers have taken notice and are extending product lines to occupy multiple segments of the infused products category. While this may maximize revenue in the short term, the industry grows more sophisticated by the day – and manufacturers that specialize on providing a top-quality product to a very narrow portion of the market may end up finding more success than those spread across multiple categories.

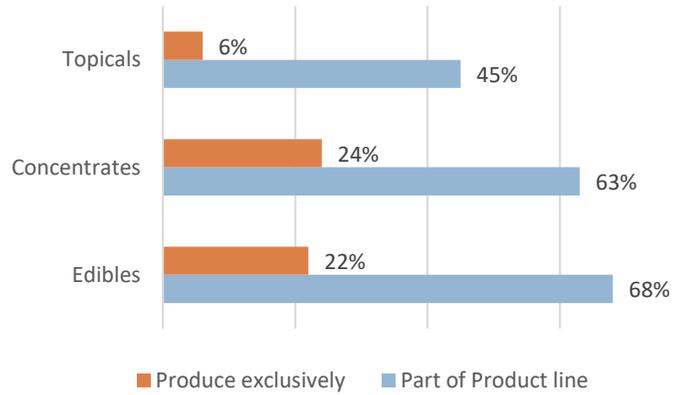
In 2014 when adult-use just launched in Colorado, over 70% of sales came from dried flower; in 2016, that was down to 55%. In contrast, concentrate sales were \$20 million in 2014, or 13% of sales. By the end of 2016 they had jumped to \$85 million and 25% of sales. Edibles (including candy, beverages, tinctures, and all food) more than tripled during the same period, from \$17 million to \$53 million, moving from 11% to 14% of sales. Vape pens and vape products, candy, and other portable and convenient methods of consumption are especially popular with Colorado consumers.

Similar trends occurred in Washington State. By the end of 2016, 23% of Washington cannabis sales were concentrates, 9% were edibles, and 10% were pre-rolled cannabis cigarettes, with dried flower accounting for only 57%. In Oregon where concentrates and edibles were only allowed for the first time in the adult-use channel in July 2016, concentrates quickly picked up 19% of the market, while edibles 7%.

**MASSACHUSETTS MARIJUANA APPROVAL**

In 1911 Massachusetts became the first state to restrict cannabis on a state level, prohibiting the sale of "Indian hemp" without a prescription.

On November 4, 2008, Massachusetts voters passed a ballot that decriminalized the possession of small amounts of marijuana. The Massachusetts Sensible Marijuana Policy Initiative made the possession of less than one ounce of marijuana punishable by a fine of \$100 without the possessor being reported to the state’s criminal history board.



On November 6, 2012, 63% of Massachusetts voters approved Question 3, the Massachusetts Medical Marijuana Initiative. The law took effect on January 1, 2013, eliminating criminal and civil penalties for the possessions and use of up to a 60-day supply of marijuana for patients possessing a state issued registration card. With a recommendation by a physician, patients with cancer, glaucoma, and other medical conditions can receive a registration card. After the law passed, towns attempted to ban dispensaries. Attorney General Martha M. Coakley ruled that cities and towns cannot ban dispensaries and can only regulate them.

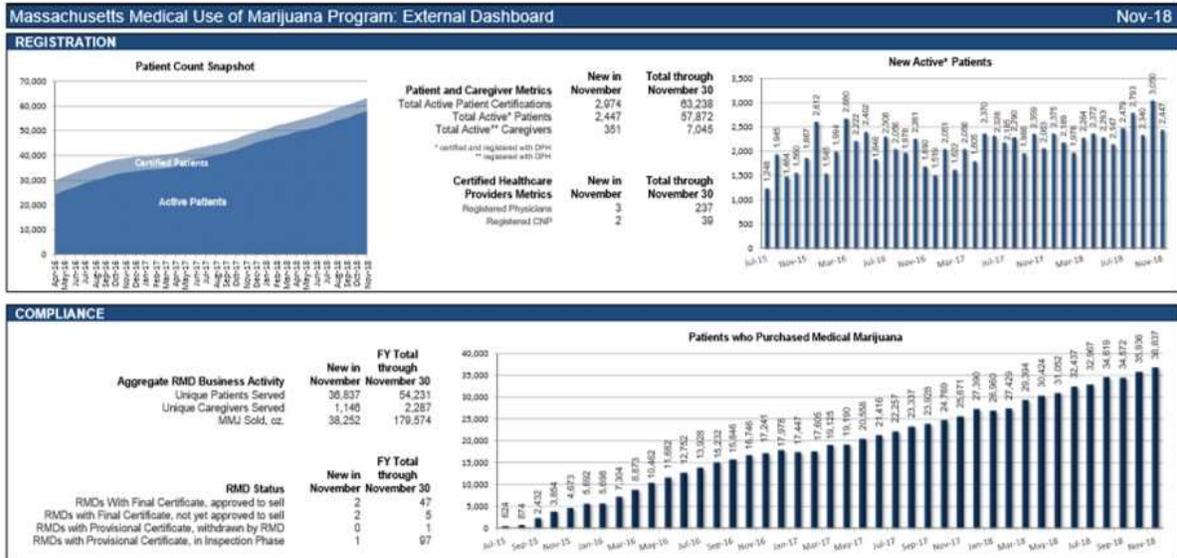
In the November 8, 2016 election, Massachusetts voters passed a ballot initiative making recreational cannabis legal in the state. Governor Charles Baker signed legislation on December 30, 2016 extending the start date for recreational pot sales by six months, to July 2018.

**Cannabis Taxes**

Under the new law, recreational marijuana will be taxed 17 to 20 percent, depending where you buy it. The baseline tax is 17 percent, which is determined from a combination of a 6.25 percent sales tax and a 10.75 percent special excise tax on adult use. But cities and towns can choose to add a three percent tax on top of the 17 percent, tallying up to a 20 percent tax on retail cannabis.

As of November 30, 2018:

- 47 RMDs approved for sales
- 57,872 active patients
- 7,000 active caregivers
- 276 registered healthcare providers
- 63,238 active healthcare provider certifications



**NEW ENGLAND CANNABIS CORPORATION, INC.**

New England Cannabis Corporation, Inc. (the "Company" or "NECC") will build a reputable brand and offer a high-quality customer experience together with a variety of fully-tested cannabis products, with a well-trained, educated and professional staff.

The Company’s founders will fund (1) the application process to obtain a license for a cultivation and processing marijuana establishment, inclusive of application and license fees required by the Cannabis Control Commission, (2) the appropriate build out and construction of the marijuana cultivation and processing establishment, consistent with the requirements of the laws of the Commonwealth of Massachusetts and the Town of Holliston, Massachusetts, and (3) the funding of necessary working capital sufficient to hire and train staff, produce inventory and conduct sales and operational activities.

The bulk of the initial investment capital will go to the build out of the cultivation and processing facility, which will be a warehouse space of approximately 70,000 square feet. The initial investment capital will be spent on the appropriate build out which will include:

- a. Increasing electricity.
- b. Plumbing a hydroponic system for plant growth.
- c. Growing tanks.
- d. Growing pots for each plant.
- e. Build out of multiple rooting/germination rooms, vegetative state rooms, flowering rooms, harvesting rooms, drying rooms and curing and packaging rooms.
- f. Men and women’s locker rooms.
- g. An air flush system to remove mold and bacteria from employee’s uniforms before entering the facility.
- h. A security camera system to comply with all aspects of State and local laws and ordinances.
- i. A swipe card system that will allow access and egress to only employees designated to enter such part of the facility.

- j. Initial seeds, growth mediums, and cultivation and processing tools.
- k. A seed-to-sale tracking system with computer monitors throughout the cultivation facility to track all parts of the inventory's growth cycle.
- l. Specialized time clocks working off employee's swipe cards.
- m. Training manuals for employees.
- n. Compliance manuals for employees and management.

These are the largest parts of the budget to be spent, but there will be ancillary items such as scrubs for employees, office furniture, commercial gardening tools and harvesting machines, trimming machines, delivery vehicles, and a number of other expense line items. The next largest part is the lighting system.

Initial payroll will be necessary prior to opening to allow for training staff, cultivation and set up, and for supervising the build out. On premise security will be another operating expense. The cultivation facility will have an IP camera system that will provide surveillance from anywhere there is an internet connection, intrusion alarm systems, panic buttons direct to the police station, and fire proof doors with swipe card locking mechanisms.

---

## MISSION STATEMENT

NECC's mission is to be a stable, profitable and premiere provider of marijuana and marijuana infused products in the Commonwealth of Massachusetts. All of our products will be grown and developed to ensure that dispensary facilities have an option to offer high-quality, organic cannabis products. We are committed to being the leader in quality, compliance, innovation, cutting edge research, social responsibility and education, and we will work tirelessly to exceed expectations of customers, and regulators. We pride ourselves in transparency for all those who wish to observe - local leaders, law enforcement, and all those that advocate for creating safe, cost effective marijuana products.

---

## SITE PLANNING AND ANALYSIS

The NECC cultivation facility will be located in the Town of Holliston, Massachusetts in an industrial zone approved for cultivating, growing, and harvesting marijuana. NECC has done the mandatory due diligence required by the Commonwealth and Holliston to ensure a viable facility in a setting where there is proper zoning, and public support. New England Cannabis Corporation met with Fire Chief Michael Cassidy; Police Chief Matthew Stone; Town Planner Karen Sherman; Town Administrator Jeff Ritter; and all Board of Selectman members in Holliston, MA. The property located at 29 Everett Street, Holliston, MA is located in a zoning district that allows such use by local permitting. On June 19 and June 26, 2017, NECC's founders held joint community outreach meetings with the Board of Selectmen and the community-at-large, as well as the property's abutters,

The Town of Holliston, MA issued a letter of non-opposition from the Board of Selectman on July 10, 2017, and a Community Host Agreement was executed on August 30, 2017. All parties acknowledge that this is governed by the will of the voters, who have passed legislation to allow the cultivation and processing of marijuana in Massachusetts. Moreover, per the Commonwealth's requirements along with Federal law, the cultivation and processing facility will be completely compliant with ADA laws, including a ramp for wheelchair access, doors wide enough for a wheel chair to fit through, and an automatic door that will swing open when a button is pressed. We will continue to work with local officials, the respective boards of health, Selectmen, Fire, Police, building and planning departments and inspectors,

to ensure that the marijuana establishment continues to comply with all local, codes, ordinances and bylaws.

NECC's cultivation and processing facility will work with the community to become an integral part and will address all specific zoning regulations. NECC's facility will abide by the local light pollution restrictions, and will also control all visual, auditory and olfactory evidence of marijuana cultivation. There will not be any large signs and we will comport with the signage regulations put in place by the town, and we will also ensure that there are not any particular markings that will draw people to the facility.

---

## **PRO FORMA FINANCIAL INFORMATION**

The pro forma financial information is based on estimates derived from other facilities that our advisors have knowledge of. Many of the numbers are subject to change, consequently the best estimates used are based on historical data which may not hold true in the future.

### **ASSUMPTIONS REGARDING PRO-FORMA FINANCIAL STATEMENTS**

In preparing pro forma financial statements, there are a number of assumptions factored into income items and balance sheet items. The cultivation facility will be using state of the art equipment to ensure the most cost-efficient product, and certain variable costs are based on current pricing such as electricity and water. The pro-forma statements are based on the original anticipated capital budget, and the initial ramp-up period in connection with the first twelve months of operations.

NECC was formed to provide the highest quality marijuana and related marijuana infused products at a reasonable price. In order to meet this high standard, we have prepared pro-forma financial statements that will reflect the operational and financial challenges of establishing a new cultivation and processing facility that will be the high-water benchmark for others entering the business.

The growing method for our cultivation facility will be a 54,000 square foot owned and occupied space, of which approximately 25,000 square feet will be initially used. As we are not sure when all permits will be issued, and when we will be able to begin to grow marijuana, we are utilizing a full year's worth of pro forma data for comparison purposes.

The operation will offer packaged marijuana, edibles, oils, salves, vaporizers, and other ancillary products that are not being factored into the gross sales to allow for a margin of error. The gross salary number includes management, cultivation and security services. The employee benefits include partial payment towards employees' health, dental and vision plans, and workers compensation.

Transportation factors in delivery from the cultivation facility to dispensaries, and repairs and other costs for the delivery vehicles. Nutrients and soil costs are derived from an estimated number of potted plants, the average amount of nutrients per plant per harvest, and the delivery and removal of soil and marijuana harvest byproducts. Soil also includes testing for both the soil and the harvested crop for mold, bacteria, heavy metals, etc. Kitchen supplies include products necessary to create edibles, packaging, testing and product tracking. The estimate for equipment is for non-capitalized items including gardening equipment, tubing, extra lamps, bulbs and ballasts, and other necessary items for harvesting, processing and drying the marijuana crops. The licensing figure includes the annual state renewal license, and other business licenses and permits necessary for the operation. Legal and accounting includes fees for an annual audit, and legal work for copyrights, licensing agreements, contracts, etc.

## INITIAL 12 MONTH RAMP-UP PRO FORMA FINANCIAL INFORMATION

*Note: Detailed financial information can be provided per management's approval.*

	YEAR 1
Revenue	\$7,438,134
Expenses	\$6,359,527
EBITDA	\$1,078,607

---

## TEAM MEMBERS

### PRESIDENT

**Roles** - Develops the organization's vision, creates and implements policies, manages strategy development and monitors financials and actual production.

**Responsibilities** - The president is responsible for the overall performance of the company. (S)He monitors revenue and expenses, insuring that resources are efficiently used, and is responsible for signing contracts with vendors and outside parties. The President hires high level staff and provides feedback on their performance. The president is responsible for strategy development, performance management, and public relations as well. Additionally, the president accepts fiscal responsibility and bottom line accountability for the company.

**Relationships** - The President sits at the top of the organizational hierarchy and has the directors of mission critical sections reporting to him or her. The President is responsible for the hierarchy to work as smoothly as possible all the way down the chain of command. The president reports to the board of directors of the company.

### GROWING FACILITY MANAGER

**Roles** – The growing facility manager is responsible for the overall operation of the cultivation center. He or she ensures that the plants are tended to, organic only nutrients are applied, quality assurance is tested both on the soil and the finished product, the mechanical infrastructure is maintained, and kept up to both legal and operational standards.

**Responsibilities** – The growing facility manager is responsible for the marijuana from seed to the final harvest, and all steps in between. It is the growing facility manager's responsibility to ensure that all finished product, including inventory that is produced for the edibles department is of the highest quality, safe for consumers, and efficiently grown. He or she must ensure a safe, clean environment for the plants, monitor their growth, and work toward production goals established in coordination with the president. Additionally, the growing facility manager works with all employees below him or her on the organizational chart, and besides insuring product quality, establishes and monitors protocols for the protection of product from theft by tracking the marijuana on a software system from "seed-to-sale".

**Relationships** – The growing facility manager reports to the president and works with grow house employees throughout the facility. He or she is constantly visible, and each employee on the organizational chart has direct access to him or her for concerns, issues, or questions about any part of the growth cycle.

## DELIVERY MANAGER

**Role** – The delivery manager is responsible for insuring safe and accurate delivery of marijuana products to dispensary customers. The delivery manager controls drivers' manifests, ensures that the proper product is recorded before it leaves the cultivation and processing facility, and accounts for the receipts from the drivers' return manifest. The delivery manager ensures that vehicles are safe, that the GPS system is always operational, and that two different forms of communication are checked daily.

**Responsibilities** – The delivery manager ensures that the product being delivered from the cultivation center matches the inventory order, logs the inventory going to the dispensary to the delivery manifest, balances cash and product at the end of the day, and ensures that drivers are providing timely service to dispensary customers while maintaining strict safety measures in compliance with all State and local laws and ordinances.

**Relationships** – The delivery manager has the dispensary customers, drivers and security as his or her direct employees, and reports to the President.

## MECHANIC

**Role** – The mechanic ensures that the infrastructure of the cultivation and processing facility is working properly, and is responsible for lighting, air conditioning, security systems, and the general hardware associated with the property. The mechanic will call in specialists after diagnosing specific equipment failures that he or she is not able to repair and will monitor systems to ensure that regular maintenance is performed.

**Responsibilities** – The mechanic is responsible for infrastructure mechanical devices, and ensures the proper maintenance and upkeep is performed on equipment. The mechanic will perform maintenance tasks such as moving lighting, replacing capacitors and igniters in ballasts, and insuring that locking mechanisms are working effectively. The mechanic works with the growing facility staff to help flush the watering and nutrient delivery system on a regular basis.

**Relationships** – The mechanic works for the cultivation and processing facility and reports to the growing facility manager and is called upon by either to fix mechanical or plumbing issues that he or she is capable of. In the event a licensed professional is required, the mechanic will work with them to explain the details of the facility and to ensure proper repair.

## GROW FACILITY EMPLOYEES

**Roles** – Grow house employees work on the plants, watering, checking for pests, cloning, trimming and insuring overall plant health. They will take samples when necessary, and package them for shipment to the off-premises quality assurance laboratory. They will work within the cultivation facility to help germinate, grow, and prepare to harvest the marijuana. Grow house employees ensure that the facility is cleaned properly, and necessary supplies are available or on order.

**Responsibilities** – The grow house employees are responsible for the plants from seed to harvest. They water, root, clone and maintain pH balances and sufficient water to ensure the plants grow at an optimum level. They are with the plant from seed until they are moved to a finishing room prior to harvest. Grow house employees maintain a clean and efficient environment, and constantly monitor water and nutrient levels to ensure optimum plant health. The grow facility employees maintain constant vigilance for mold, fungus, pests or any other danger to the health of the plants. The grow facility employees take samples for delivery to the off premises laboratory, and logs both the sample and

the results in the data tracking system. The grow facility employees ensure that the proper labels are attached to planters and that all inventory is accounted for from seed to final product.

**Relationships** – The grow house employees answer to the growing facility manager, and work in tandem with any extra staff hired to specifically work with the plants. The plant trimmer, listed in the organizational chart, will be a grow house employee.

## **PLANT TRIMMER**

**Roles** - The plant trimmers are grow house employees trained to cut, shape, and maximize plant growth by removing excess leaves outside of the light canopy that are non-productive vestigial elements that are unnecessary to the plant's growth. They trim excess leaves and stalks and inventory them to ensure that all parts of the plant are accounted for.

**Responsibilities** – The plant trimmers are responsible for removing inefficient plant leaves, any sort of growth that appears in the potted soil and helping to shape the plants for maximum efficiency in nutrient uptake and light absorption. They are also responsible for coordinating the packaging and utilization of the excess trimmings whether they are ultimately used to create edibles or other marijuana byproducts or shipped to a composting or destruction facility.

**Relationships** – Plant trimmers work for the grow facility manager, and also coordinate with the harvesting staff to communicate plant readiness for cutting and placement in the drying and curing section of the facility. Plant trimmers work with the internal auditor to ensure compliance with inventory monitoring.

## **HARVESTING STAFF**

**Roles** – The harvesting staff are trained grow house employees who at the end of the flowering cycle, move the plants into a harvest room for trimming buds from the female plants. They are also responsible for the physical inventory by matching each plant's identifiers to an inventory sheet produced by the "seed-to-sale" software. The harvesting staff may operate a trimming machine or do much of it by hand depending on the crop. The harvesting staff also ensure that the harvested product is labeled for the drying and curing rooms, and that all plant material is weighed and entered into the tracking database.

**Responsibilities** – The harvesting staff is responsible for the removal of the buds of the female plant, insuring that the trichomes aren't damaged, and that there is accountability for each plant and the waste produced from each. They will batch different strains onto specific drying racks.

**Relationships** – The harvesting staff reports directly to the grow facility manager, who is present during every harvest. In the event the manager isn't available, then one of the executive management team will be present to ensure a proper count and weighing of the final product. Security will also interface with the harvesting team to ensure that all product makes it from the harvesting room to the drying room, and that everything has been taped and recorded.

## **EDIBLES CHEF**

**Roles** – The edibles chef is responsible for producing marijuana infused products in a commercial kitchen setting at the cultivation and processing facility. The chef is responsible for safe cooking and food preparation practices, and for accounting for inventory used in the production of each item. The chef will produce recipes, formulas, and operating procedures for each part of the edibles manufacturing process. The edibles chef will solicit input from the dispensary customers, along with recommendations from the president for new product creation.

**Responsibilities** – The edibles chef will ensure that only safely prepared and packaged products are available to customers. The chef will work with contracted quality insurance and laboratory consultants to ensure that each product is produced in a hygienic fashion, and will have sample items tested for mold, bacteria, heavy metals, along with THC and cannabinoids. The chef will also observe truth in labeling laws and will provide nutrition content on each item sold. The edibles chef oversees the packaging and labeling staff to ensure compliance with health and safety regulations, as well as establishing nutrient content of all finished products.

**Relationships** – The edibles chef reports to the facility director, and also engages the kitchen staff in necessary tasks and discussions to ensure properly prepared food products.

## KITCHEN STAFF

**Roles** – The kitchen staff is responsible for the day to day preparation of marijuana infused products through hygienic means, and adhering to recipes and formulas prepared by the

edibles chef. They will cook, package and ensure that the kitchen is properly cleaned to avoid any sort of bacteria entering the cooking process, and that each product is properly inventoried.

**Responsibilities** – The kitchen staff is responsible for receiving and inventorying ingredients into the kitchen, preparing the necessary marijuana infused products for sale, and insuring the kitchen is kept clean and free of anything that could end up in the product. The kitchen staff helps the edibles chef determine inventory levels, helps order cooking and baking byproducts, and tracks utilization of marijuana directed to the kitchen facility for use in the consumable products.

**Relationships** – The kitchen staff works for the edible's chef, and also will interface with vendors as specific products are received. They will also provide reports to the bookkeeper to ensure that all inventory is accounted for and will also work with compliance officials to ensure that both the product and labeling is commercially acceptable.

## PACKAGING AND LABELING

**Roles** – The packaging and labeling employees are part time help that come in to measure, weigh, proportion, and vacuum pack the finished product. They weigh out the product into predetermined amounts, and then run it through a vacuum packing machine to ensure no air or contaminants are able to leak in. They will also produce labeling tags to show the batch, expiration date, amount of product, and a batch code to ensure that the facility is able to find any product that may be reported as unfit by the customers. The packaging and labeling staff work with the edibles chef to ensure government compliance with truth in labeling laws.

**Responsibilities** – The packaging and labeling employees are responsible for weighing, measuring and inventorying finished marijuana edible products, and also insuring a proper inventory is input into the seed to sale tracking software. They will attach the final tags to the product, and also note any discrepancies in the weight of the final product compared to the weight of the trimmed plant. They are responsible for insuring that each measured package of marijuana is traceable back to a particular grow, and from what seeds or clones it was produced from. The packaging and labeling staff informs the edibles chef of any necessary ancillary product ordering, and also inspects weighing and measuring tools to ensure the proper amount of ingredients are used in each infused product.

**Relationships** – The packaging and labeling employees report to the edible's chef, and also work with contracted quality assurance vendors, who may be present during packaging to do random sampling and to inspect the final product for compliance with labeling and ingredient content.

## INTERNAL AUDITOR

**Roles** – The internal auditor provides a check and balance to the bookkeeper, the harvesting staff, and to the growing facility manager to ensure that all weights, cash, and product are accounted for, and that the reports produced for each are accurate. They will spot check each part of the operation to ensure there is no collusion, and to ensure that all safeguards and reporting mechanisms are functioning properly.

**Responsibilities** – The internal auditor is responsible for checking and cross checking the inventory, cash deposits and receipts, accounts payable and receivable, and insuring that a solid audit trail is available to compliance officials and other professionals engaged by the company.

**Relationships** – The internal auditor responds directly to the president, and also to any outside compliance, accounting and legal teams. The internal auditor has only one boss – the president.

## DRIVERS

**Roles** – The drivers are the delivery persons for the company and will transport marijuana to dispensary customers who have requested delivery. They will operate in pairs in cars equipped with GPS tracking devices and will also have cellular phones and mobile radios. They will ensure that the right product is delivered to the correct customer in a safe, compliant and timely fashion.

**Responsibilities** – The drivers are responsible for following the manifest they are given when they go out on delivery runs. They are responsible for the safe keeping of inventory in locked safes in the trunk, and for bagging cash as it is received and providing receipts to customers as they pay for products. The drivers must reconcile their delivery manifest to cash collected each day, and also report on failed or unaccepted deliveries.

**Relationships** – The drivers report to the delivery manager and the president. They obtain their product from the grow facility manager and will also interface with the bookkeeper in dropping off cash, receipts, and daily manifests that will be inputted to ensure inventory accuracy.

## SECURITY

**Roles** – The security team is responsible for insuring the safety of the employees, any visitors, and the facilities themselves. They will patrol the grounds, observe through closed circuit cameras, and interface with management to help document any weaknesses found in the system.

**Responsibilities** – The security team is responsible for insuring that inventory is not removed from the premises without documentation, that employees are watched during the day to avoid theft, that cash is collected and drivers maintain different routes to prevent robbery, and interface with management as well as any experts hired by the company to prepare safety procedures.

**Relationships** - The security team reports to the facility manager and to the president of the company as well.

## MARKETING

**Roles** – The marketing manager will work to achieve greater market share, make customers aware of our presence and products, and use traditional media and social networks to attract new customers as well as retain current customers.

**Responsibilities** – The marketing manager will create and monitor Facebook, Twitter, and other social network outlets to allow customers to find pricing and delivery times and policies for our products. The

marketing manager will also be in charge of the web site and will update it with timely information to inform customers of new strains developed in our facility. The marketing manager will develop analytics to show conversion from viewers and followers of both the website and social networking.

**Relationships** – the marketing manager will report directly to the president of the company.

---

## MARKETING PLAN

Online advertising platforms are placing strict rules on how companies can market their products. Google, Facebook and Twitter all have advertising policies that restrict the promotion of the sale of cannabis. Google’s policy prohibits ads that promote “substances that alter mental state for the purpose of recreation.” Facebook restricts any “illegal, prescription, or recreational drugs.” And Twitter bans “illegal drugs” as well as substances that cause “legal highs.” Instagram and Facebook have decided to go a step further by removing pages of cannabis related businesses.

The most effective strategies for legal marijuana companies are direct marketing at industry conferences and other events, building communities around marijuana -related concerns such as health and wellness.

Marketing materials for NECC will include and expand on the following items:

- Tri fold brochure/menu – collateral material.
- Business referral program brochure and link from main web page.
- NECC’s website.
- Facebook page.
- Linked in account.
- Daily Twitter Feeds.
- Print advertisements.
- Creating a branded product(s) and marketing it to dispensaries.
- Email blast to our customer base and any others not on our list.
- A customer appreciation program and frequent buyer offers.

## BRAND DEVELOPMENT

The Company’s will work to develop a corporate identity and will aim to clearly define our brand, goals and personality, with a clear conveyance of that identity through our positioning. We will constantly manage the analysis and planning on how our brand is perceived in the market as developing a good relationship with our target market is essential for brand management. Tangible elements of our brand management will include the product look, price, packaging, etc. The intangible elements will be the experience that the consumer has with our brand. A brand manager will oversee all aspects of the consumer's brand association as well as relationships with our customer base.

## SOCIAL MEDIA

We will put forth a significant social media presence. Appropriate forums will be monitored daily, with dedicated staff resources to be active and knowledgeable participants. We will develop a social media content strategy which will include Twitter, Facebook, Instagram, LinkedIn and YouTube. Our staff will be trained in the legalities of promoting our products.

## WEB PLAN

The Company’s website will have the dual goal of encouraging visitors to sign up for NECC’s e-newsletter. A menu with images and descriptions of all items will be included.

The website's main pages will include:

- Menu, including monthly specials, new strains, new edibles, etc.
- Our hours.
- Contact information (with form for questions and comments), including links to follow the Company on Twitter or be a fan on Facebook.
- Jobs page with open positions.
- Archived newsletters with articles on the marijuana industry.

## **PRODUCT AWARENESS**

NECC will continue to focus on all marijuana events nationwide, as well as various major market media, that includes industry magazines, events, forums, trade shows and conferences.

## **PRICE**

Our pricing will approximate the median price of the industry to premium value. The rationale is to continue to be in the median-to-premium price range of both the smokable and the edible retail market. We will constantly monitor our competition and quality to ensure we remain competitive.

## **CUSTOMER RETENTION**

NECC will focus on customer service at the highest level, which we believe will reward us with continued customer retention and word of mouth referrals.

---

## **ADMINISTRATIVE CONTROLS**

### **INVENTORY CONTROL**

The mandate by the Commonwealth for “seed-to-sale tracking” has been addressed by a number of software entrepreneurs who have created packages specifically for marijuana establishments. Most of the pre-packaged software for seed-to-sale tracking have a number of common elements, and the one we have found to be the most robust is BioTrackTHC. With the Commonwealth’s mandate requiring seed-to-sale tracking, both forward looking data and archived data will play an integral part in the financial health and inventory control of the marijuana establishment.

The requirements for the software were predefined before actually interviewing any vendors. The requirements were as follows:

1. Documentation not of just plant and inventory material, but password protected logs that show who entered data, removed data, and the associated plant/inventory with it.
2. The ability to track multiple locations of inventory, especially in the cultivation facility, which is then trackable to the dispensary customer location.
3. The ability to follow the seed through vegetative state, flowering, harvesting, drying and curing, and assigning a unique RFID tag to each plant.
4. The ability to break down ready-to-be-harvested plants into sellable material and waste, and to be able to match output with what is physically moved off premises as waste.
5. An online, real time inventory, which will allow a compliance specialist the ability to track all plants, do random inspections, match physical counts with machine supplied data, and to be able

to see yield production from different plants to determine which breed is the most economically efficient. All source documentation must be verifiable and traceable by our internal auditor.

6. The ability to take on-hand inventory, price it, reprice it for sale or volume discount, or for resale to dispensary customers as a wholesale product and generate shipping documents.
7. The ability to take finished product and account for it in byproducts such as tinctures, edibles, or pre-packaged items with batch, lot number and expiration dates as mandated by any commercial kitchen statutes.
8. Bulk transfers of product to other dispensaries in a wholesale fashion allowing input of a purchase order, and then generating a packing slip and separate invoice.
9. Along with the transfer of bulk products into edibles, tracking weight of product put into batch, when produced, lot numbers and expiration dates.
10. A graphical interface showing inventory placement in different rooms, the ability to transfer inventory from room to room, and the requirement of password protection to prevent employees removing inventory from any room, especially the harvesting room.
11. A real time count of total inventory, including plants and seeds in the vegetative state, the flowering state, harvesting, drying and then curing.
12. A database of employee input and rights to manipulate inventory based on management criteria and with an easy to follow audit trail.
13. Features to allow transfer from the facility to a delivery vehicle providing the driver with a manifest of products, where it is to be delivered to, and the money then collected. At the end of the shift, the batch closing should provide a balance between purchased inventory, what's left on hand, and any sort of cash or inventory discrepancies.
14. Tracking of accounts receivable from dispensaries that have bought finished product, and if there are any customers that have credit terms.
15. Sales tax tracking.

NECC has a number of incident reporting forms that are not a part of this business plan but are an integral part of the operation. Any incident that requires reporting will be escalated to the senior management if it involves any sort of inventory loss, burglary or holdup, or the destruction of property. All other incidents are logged, and handed off to the proper supervisor, with the upper management being copied on all reports, and at the discretion of the supervisor, upper management is notified for an emergency situation.

## **INVENTORY REPORTS**

The facility will utilize a perpetual inventory system from a regulated marijuana industry-specific inventory system provider, BioTrackTHC™. This inventory control system has been developed specifically for the regulated marijuana industry and has been customized to include all marijuana business operational needs. The systems have been designed to be user friendly, the ability to be mobile, and with inventory control capabilities to track every marijuana plant and product from seed to sale.

The inventory control system will be designed to have the ability to promptly identify a discrepancy in stocks of marijuana plants and products. The facility's administrators of the system will be notified of a substantial reduction in an inventory stock level and be prompted to investigate the inventory levels to

ensure no theft, diversion or discrepancies occurred. Every morning the head of the facility will be tasked with running a number of inventory reports to validate inventory levels. These reports will include:

- Inventory on hand – finished product – located in facility
  - Inventory on hand – numbered labels – located in facility
  - Inventory transfer reports
  - Inventory conversion (inventory made into edibles, oils, etc.)
  - Inventory waiting to be destroyed
  - Quarantined inventory awaiting release
  - Nutrient levels and supplies
1. Water levels and supplies (for water brought into the facility)
  2. Recommended inventory needed
  3. Supply chain reports
  4. Inventory Adjustment Log
  5. Transportation Manifests of Inventory Delivered

Administrators and users can run inventory reports from the inventory control system to check inventory stock levels that have been recorded in the inventory control system against a physical inventory audit to further determine inventory discrepancies.

Inventory Control /POS System— the tracking of all marijuana products from seed to sale will be done through inventory management through the use of template log sheets, computer systems, and the Point-of-Sale systems (POS). All marijuana plants and products are to be tagged, recorded and tracked through the inventory control system. Failure to do so can result in disciplinary action and/or job termination.

## **STORAGE PROCEDURES**

Employees are trained in the appropriate storage and disposal or destruction of manufactured cannabis products at all stages of production and sale. Storage of cannabis and manufactured cannabis products will comply with all applicable state and local regulations. All cannabis and manufactured cannabis products will be stored in a secure access area for nightly storage at the close of operations each day. All storage areas will have adequate lighting. This is also explained in the facility layout section. After cannabis flower, trim, and manufactured cannabis products are processed, the facility manager secures them within the facility safe to wait for testing and shipment. After the cannabis and manufactured cannabis products pass required laboratory testing, they will be transferred to the retail facility or another retail facility for sale and distribution. These products will be maintained in the secured product storage area in commercial grade safes until transportation. This area shall be restricted to the retail manager.

Our state dictated regulatory mandate requires that the facility:

- Not produce or maintain cannabis in excess of the quantity required for normal operation;
- Store all cannabis and manufactured cannabis products in a safe, vault or secured room and in such a manner as to prevent diversion, theft or loss;
- Maintain all cannabis that is not part of a finished product in a secure area or location, accessible only to specifically authorized personnel, which shall include only the minimum number of employees essential for efficient operation;
- Keep all approved safes, vaults, or other equipment or areas used for the production or storage of cannabis securely locked or protected from entry, except for the actual time required to remove or replace cannabis;

- Keep all locks and security equipment in good working order;
- Not allow keys to be left in the locks and not store or place keys in a location accessible to persons other than specifically authorized personnel;
- Not allow other security measures, such as combination numbers, passwords or electronic or biometric security systems, to be accessible to persons other than specifically authorized personnel; and
- Keep the facility securely locked and protected from unauthorized entry at all times.
- If a loss, theft or diversion of cannabis has occurred from the facility, the facility shall notify the department and the appropriate law enforcement agency.

The cannabis control department and police shall determine the appropriate storage and security requirements for all cannabis in the facility and may require additional safeguards to ensure the security of the cannabis. If a reduction in the amount of cannabis is due to suspected criminal activity, the facility shall immediately report the reduction to the regulatory agency. Additionally, the facility will abide by the following additional regulations:

- Any area of the facility containing cannabis, including a room with an approved safe or approved vault, shall have a sign posted at all entryways, which shall be a minimum of 12 inches in height and 12 inches in length and shall state: "Do Not Enter – Limited Access Area – Access Limited to Authorized Personnel Only" in lettering no smaller than one inch in height.
- Notwithstanding the requirements of this Section, nothing shall prohibit members of the department, local law enforcement or other federal, State or local government officials from entering any area of the facility if necessary, to perform their governmental duties, or persons authorized by the department.
- The facility shall provide current copies of facility floor plans to SP and local law enforcement that have jurisdiction in the area where the facility is located.

## **PACKAGING AND LABELING**

Weighing and Packaging Marijuana—is the process of accurately weighing the marijuana to be put into packages for distribution. Packaging regulations and requirements may vary, so it is essential to reference the state and local laws and regulations pertaining to packaging requirements for marijuana business. Use of NTEP certified scales for the weighing of all marijuana products is mandatory.

- All of the facility's packing will be child resistant in accordance with Title 16 C.F.R. 1700 of the Poison Prevention Packaging Act;
- Packaging must be opaque so that the product cannot be seen from outside the packaging;
- The packaging must be constructed to protect the product from contamination and does not impart any toxic or harmful substance to the marijuana or manufactured marijuana product.
- Packages must not contain more than ten milligrams tetrahydrocannabinol for one dose, serving, or single wrapped item; providing that no manufactured marijuana product that is sold in a pack of multiple doses, servings, or single wrapped items, or any containers of oils, shall contain a total of more than one hundred milligrams of tetrahydrocannabinol per pack or container.
- Marijuana will be carefully weighed and packaged at the production center. All products will be packaged, recorded into the inventory system, and labeled per state regulations.
- Upon marijuana being weighed and packaged registered employees are required to document the marijuana weight associated to the product with a unique attribute number and batch number. This

- documentation must be done with two registered employees, one employee to make the record in the inventory control system and a second to witness the record.
- Ensure inventory control system is updated to show the packaged marijuana weights and specifications.

Labeling—all packages of marijuana will require a label to be conspicuously placed on the package.

- Labels must be made of weather resistant and tamper-evident material.
- As a redundancy, registered employees will be required to recheck each package for a label prior to shipping and package containing marijuana from the Licensed Premise.

State specific labeling requirements:

- Labels must use black lettering only on a white background with no pictures or graphics.
- Information on the contents and potency of the marijuana and manufactured marijuana product, including but not limited to:
  - a) Net weight in ounces and grams or volume; and for manufactured marijuana products, also
  - b) the physical weight of the marijuana used to produce the manufactured marijuana product;
  - c) The concentration of tetrahydrocannabinol or  $\Delta 9$  tetrahydrocannabinol, total tetrahydrocannabinol and activated tetrahydrocannabinol-A and cannabidiol;
  - d) The licensee's license number and the name of the production center where the marijuana in the product was produced;
  - e) The batch number and date of packaging;
  - f) A computer tracking inventory identification number barcode generated by tracking software;
  - g) Date of harvest or manufacture and a "use by date";
  - h) Instructions for use;
  - i) The phrase "Not for resale or transfer to another person";
  - j) The following warnings:
    - k) "This product may be unlawful outside of the State of Massachusetts and is unlawful to possess or use under federal law";
    - l) "This product has intoxicating effects and may be habit forming";
    - m) "Smoking is hazardous to your health";
    - n) "There may be health risks associated with consumption of this product";
    - o) "This product is not recommended for use by women who are pregnant or breast feeding";
    - p) "Marijuana can impair concentration, coordination, and judgement. Do not operate a vehicle or machinery under the influence of this drug"; and
    - q) "When eaten or swallowed, the effects of this drug may be delayed by two or more hours"
  - r) A disclosure of the type of extraction method, including any solvents, gases, or other chemicals or compounds used to produce the manufactured marijuana.

---

## CULTIVATION

### FACILITY

The physical structure of the cultivation facility will be designed along the lines of economy and compliance with regulatory, zoning, and business permitting at the forefront. There are a number of components that will be considered. We will be planning the cultivation facility on paper and reviewing it multiple times before we commit to actual construction. NECC and its officers are committed to reaching above the benchmarks mandated by regulatory, permitting and construction requirements. Some of the major systems we will be providing major oversight to include:

- Electrical system - The requirements for sufficient capacity to handle the electrical load generated by high wattage grow lights, pumps for circulating water and nutrients, and the general operation of the cultivation facility must be calculated before hiring contractors. Load determinations are best left to engineers; retrofitting your mistakes is costly, time consuming and painful. Local engineers or electrical contractors should be familiar with the electrical permitting process, but the wise investor/operator will make sure the services are contracted for with very specific language to ensure that adequate amperage is brought into the cultivation facility coupled with the correct permitting.
- Water supply and pipe infrastructure – Whether growing marijuana in soil or hydroponically, your water supply, its circulation demands and ultimately filtering off waste water is something critical to your operation.
- Ventilation system – Enclosed cultivation operations and processing operations must be equipped with adequate ventilation to maintain proper humidity, temperature, and odor containment. When deciding on a ventilation system, consider whether an air intake system (intake air pump and filter) are adequate, and construct the system so changing or cleaning the filter on a regular basis is easily done.
- Fire prevention – One of the more difficult aspects of constructing a cultivation facility is consideration of an adequate fire prevention/suppression system. Due to the large amount of lighting, ballasts, wiring, etc., there are a number of fire hazards that must be considered, and most operations will be required to submit the facility to a fire department inspection. Considerations should include fire suppression systems which in certain cities may include a fire extinguisher for every 10,000 watts of lighting. The entire facility should have at least a one-hour firewall assembly or in accordance with the town's building regulations. All flammable products must be stores in a properly marked fire containment cabinet or area to ensure worker safety. For the best practices, consult the National Fire Protection Association (NFPA) standards to ensure compliance.
- Security provisions – The security system constructed for the grow facility will be examined carefully by every state's regulatory body for marijuana. Due to the fact that it is primarily a cash operation with a product that has no identifying markings, it is valuable target for many unscrupulous and determined criminals. Indoor grow facilities must have locking doors and windows which allow emergency ingress and egress. Proper signage for exits, restricted areas, etc. will also be examined by state regulatory bodies to ensure that only certain personnel are allowed in certain sections of the facility. The security camera system will also have certain mandated requirements. Generally, most operations use a camera system that utilizes an IP (Internet Protocol) that allows for remote viewing, and also for police or other security surveillance through a web-based browser. An alarm system is required by every state that has introduced marijuana, with some requirements that are fairly uniformly adopted. The camera

system should have at least a seven-day storage capacity, and the ability to print frames from the actual tape in the event of an incident where it is necessary to identify an individual(s) for the police.

The Company's cultivation and processing facility floor plan will include the following rooms:

- Mother Room
- Cloning Room
- Vegetative Growth Rooms
- Flowering Rooms
- Drying Room
- Curing Room
- Trim Room
- Packaging Room
- Extraction Room
- Compounding Room
- Commercial MIP Kitchen
- Locker Rooms and Employee Break Room
- Conference Rooms
- Production and Administrative Offices
- Storage Rooms
- Safe Room, Cash Room and Other Rooms

The cultivation facility will have only one point of access which will be secured using four types of measures. These security measures include physical, photographic, administrative and accounting controls. First, physical security will include the construction of a sealed structure (grow room) inside the facility. A sealed structure within the secured building will provide additional security along with increased quality control for growing the highest-grade marijuana. All access to the facility including the germination/cloning lab, the vegetative growing areas, the harvesting area, the curing area and the packaging area will be controlled by access cards used to open secure doors. Each entrance and exit will be recorded both by camera, and by software that logs the card number, who it is assigned to, and the day, date and time of access.

When employees report for work, they will be required to go to their respective locker room, and change into hospital scrubs that are pocketless, in order to minimize inventory shrinkage. After changing clothes, they will go through an air vent room, where forced air is blown from the top down onto their clothes, which is usually clinically to help control the spread of bacteria and mold. From there, they will access the rooms which they work in, and the swipe card given to each is specially coded to ensure access only to the part of the facility they work in. All areas except the restrooms and the locker room will be under 24-hour camera surveillance, and each employee will be required to sign a contract with the understanding that their work day is recorded and stored for a period of approximately 60 days. The digital recordings will be inspected by the compliance officer at least once a week to ensure that there are no access or inventory issues, and that cards are only used by those who are assigned to them.

An accounting system with "seed-to-sale" software tracking has been purchased from a vendor who has provided their product to a number of different marijuana facilities nationwide. We have reviewed the software with our IT consultant, and also called different references provided by the company. Our management is satisfied that the software will provide adequate controls for inventory beginning with germinating plants all the way up to harvested product.

All physical products will be coded with RFID tags (radio frequency identification) that will include the date of cultivation, date of harvest, variety, type of plant, quality specifications and both pre-harvesting and post-harvesting weight with measurements also taken for waste from trimmed plants. Management will use this information to ensure product and inventory accuracy, security, quality control, and for general marketing purposes.

## **PROJECTED WORK FLOW/GROWING GUIDE**

Our cultivation facility will be protected by an extensive array of security features, including all weather cameras, motion sensors, internal cameras, remote viewing through secured wireless network with administrative access, panic buttons and pendants, silent and audible intrusion alarms, and a fire detection and alert system. Each of these systems will exceed state requirements for sites where pharmaceuticals are stored or dispensed. Our proprietary process includes OSHA-compliant safety protocols.

While the building is visible from the street, the cultivation area is not, nor will it be easily accessible once inside the building. No exterior signage will indicate the building's use or affiliation with NECC.

The growth of marijuana indoors consists of many different stages of life. Mainly, the parts of a marijuana plant's life include mothers, seedlings and cloning, vegetative growth, early flowering, late flowering, harvesting, drying, and curing.

Mother plants play a very crucial role in indoor growing and save the grower valuable time. Since seedlings take much more time to reach sexual maturity, it is more feasible to take clones from already mature mothers which can be flowered as soon as a root zone develops. This is because the mothers pass on duplicate DNA to the clones, which includes age. By keeping the mothers on 18 hours of light a day, they are able to stay in the vegetative stage of growth for extended periods of time, and only need to be re-cloned yearly. There are both pros and cons when it comes to using seedlings versus clones and is usually a hot topic amongst growers.

Once clones have established themselves in their medium, they enter vegetative growth. From this point on they are able to enter flowering at any time but should be grown out to increase the root mass and prepare for the adult stages of life. Root growth is at its highest point during this phase of life and is important to overall vigor.

Flowering is induced by changing their light schedule from 18 hours on and 6 off to 12 hours on and 12 off. This gives the plant the signal that "fall " is here and they need to bear their fruits before winter comes and they die off. The plant will then begin to extend its stigmas in an attempt to catch pollen which it will never receive.

Harvest time is just as vital as the other stages. Once the plants are cut at the stalk, they need to be either hung to dry naturally, or many of the bigger fan leaves and excess foliage can be removed to make drying times a little quicker. After 5 to 7 days of drying, depending on how big the flowers are, buds should be further manicured, and cut down to size. They should be placed in air tight containers so that the moisture remaining may distribute itself evenly and drying does not occur only on the outside of the bud. This is important to the overall quality, and potency of the finished product. Buds will cure and be ready for customers within four weeks of being jarred, although 8 weeks is optimal.

## CANNABIS CULTIVATION

We plan to employ the most seasoned cannabis cultivation and processing team in the industry. This team will well understand that cannabis needs certain conditions to flourish (source: Wikipedia):



**Warmth** - The optimal day temperature range for cannabis is 24 to 30 °C (75 to 86 °F). Temperatures above 31 °C (88F) and below 15.5 °C (60F) seem to decrease THC potency and slow growth.

**Light** - Light can be natural (outdoor growing) or artificial (indoor growing). Under artificial light, the plant typically remains under a regime of 16–24 hours of light and 0–8 hours of darkness from the germination until flowering, with longer light periods being conducive to vegetative growth, and longer dark periods being conducive to flowering. However, generally Cannabis only requires thirteen hours of continuous light to remain in the vegetative stage. For optimal health, Cannabis plants require a period of light and a period of dark. Typically, flowering is induced by providing at least 12 hours per day of complete darkness. Flowering in cannabis is triggered by a hormonal reaction within the plant that is initiated by an increase in length of its dark cycle.

**Water** - Watering frequency and amount are determined by many factors, including temperature and light, the age, size and stage of growth of the plant and the medium's ability to retain water. A conspicuous sign of water problems is the wilting of leaves. Giving too much water can kill cannabis plants if the growing medium gets over-saturated. This is mainly due to oxygen not being able to enter the root system.

**Humidity** - Humidity is an important part of plant growth. Dry conditions slow the rate of photosynthesis. Ideal levels of humidity for optimal growth are forty to sixty percent.

**Nutrients** - Nutrients are taken up from the soil by roots. Nutrient soil amendments (fertilizers) are added when the soil nutrients are depleted. Fertilizers can be chemical or organic, liquid or powder, and usually contain a mixture of ingredients.

## STAGES OF DEVELOPMENT/PRODUCTION

Cannabis plants go through a series of stages as they grow and develop. Each stage requiring different amounts of light, nutrients and water.

The four primary stages from seed to harvest include:



**Germination** - Germination is the process in which the seeds sprout and the root emerges. In Cannabis, it takes from 12 hours to 8 days. Warmth, darkness, and moisture initiate metabolic processes such as the activation of hormones that trigger the expansion of the embryo within the seed. Then the seed coat cracks open and a small embryonic root emerges and begins growing downward. Soon (after 2–4 days) the root is anchored and two circular embryonic leaves (cotyledons) emerge in search of light and the remains of the seed shell are pushed away. This marks the beginning of the seedling stage. Germination is initiated by soaking seeds either between wet paper towels, in a cup of water at room temperature, in wet peat pellets, or directly in potting soil.

**Seedling** - The seedling stage begins when the seed coat splits open and exposes the root and round “seed leaves” or cotyledons. It lasts from 1 to 4 weeks and is the period of greatest vulnerability in the life cycle of the plant, requiring moderate humidity levels, medium to high light intensity, and adequate but not excessive soil moisture.



**Vegetative** - This cannabis plant is now making stems and leaves at this point because it is in the vegetative stage (Duration: 1–2 months indoors). In this stage the plant needs a significant amount of light and nutrients, depending on the genetics of the particular plant. It continues to grow vertically and produce new leaves. The sex is starting to reveal itself, which is a sign that the next stage begins. Concurrently the root system expands downwards in search of more water and food. When the plant possesses seven sets of true leaves and the 8th is barely visible in the center of the growth tip, the plant has entered the vegetative phase of growth. During the vegetative phase, the plant directs its energy resources primarily to the growth of leaves, stems, and roots. A strong root system is required for strong floral development. A plant needs 1 or 2 months to mature before blooming. During the vegetative phase, cultivators generally employ an 18- to 24-hour photoperiod because the plants grow more quickly if they receive more light, although a warmer and cooler period are required for optimal health. The amount of time to grow a cannabis plant indoors in the vegetative stage depends on the size of the flower, the light used, the size of the space, and how many plants are intended to flower at once, and how big the strain gets in "the stretch" (i.e., the first two weeks of flowering).

**Flowering** – The pre-flowering phase takes one day to two weeks. Most plants spend 10–14 days in this period after switching the light cycle to 12 hours of darkness. Plant development increases dramatically, with the plant doubling or more in size. Production of more branches and nodes occurs during this stage, as the structure for flowering grows. The plant starts to develop bracts/bracteoles where the branches meet the stem (nodes). Pre-flowering indicates the plant is ready to flower. The flowering phase varies from about 6 to 22 weeks.



## TRAINING OF CULTIVATION FACILITY PERSONNEL

Cultivation facility personnel will be trained in specific security protocols to prevent diversion of product, to ensure the facility is secure, all chemicals and nutrients are placed in a specific secure area, and understanding what access is granted to cultivation personnel as far as the harvest room, the curing room, and the general growing facility.

The specific protocols that all cultivation personnel will be trained in include:

- a) The requirement of wearing of their cultivation facility identification card.
- b) Understanding which rooms, they have access to.
- c) Requiring that a cultivation facility manager must be present at all times during the harvest.
- d) Personnel responsible for security monitoring will be taught protocols for insuring filming is being securely backed up to an offsite “storage cloud”.
- e) Security monitoring personnel will be taught how to print individual frames from recorded tapes in the event specific identification is required for a person or an incident.
- f) Personnel who bring trash outside will be monitored by the cultivation facility manager.
- g) Cultivation personnel will be trained to look for any suspicious activity outside the facility.

- h) Cultivation facility personnel will be trained where panic buttons are for the alarm, and emergency numbers for first responders.
- i) Cultivation personnel will be trained how to use the emergency eyewash stations, and the location of all first aid kits and defibrillators.
- j) Cultivation personnel will be taught elementary first aid before beginning employment.

---

## PROCESSING

Once the cannabis has been grown, we will process the marijuana and/or its byproducts for commercial sale, including but not limited to drying, cleaning, curing, packaging, and the extraction of active ingredients to create marijuana related products and concentrates. We will make marijuana infused products (MIPs) that may include treats, chocolates, baked goods, beverages and candy.

Processing operations will consist of the processing/trimming, drying and curing of marijuana. Also included in the processing operations is the packaging and labeling of marijuana.

1. Processing/trimming - The marijuana plant will be broken down by removing the larger fan leaves and hung on drying racks preparing for packaging. Registered employees will be required to wear nitrile gloves during all processing and/or trimming procedures.
2. This is where the marijuana plant will be broken down from the whole plant form into individual branches and grades. This will typically create 3 different 'grades' of marijuana from the same plant:
  - a) Flower(s)/bud(s)— this is the portion of the marijuana plants and typically referred to as the 'kola buds. This medicine has received all of the optimal growing conditions throughout the plant's entire lifecycle (proper light conditions and distribution, optimal CO2 levels, etc.).
  - b) Sugar Leaf/trim— this is typically the lower levels of the plant where the HID lighting cannot fully penetrate resulting in leafy marijuana buds and the sugar leaves that have been trimmed off the plants and flowers. This material is typically used in infused products manufacturing and extraction operations.
  - c) Waste— this is comprised of all the material that will not be used from the plant. This material must be weighed and recorded on the Harvested Marijuana Log Sheet.

Marijuana waste is typically comprised of:

- Stalks and stems
- Fan leaves
- Roots
- Other unusable material

Make sure that all required information is recorded and transferred with any and all marijuana plant materials. Required information to be transferred with marijuana material:

- Plant strain/name
- Harvest/process date
- Plant Attribute # and Batch #

Trimming - this is when the processed marijuana will be trimmed. This process involves trimming all of the leafy material away from the flowers/buds. The trimmed leaf material (sugar leaf) is still usable and typically used in Infused Products Manufacturing or for marijuana extraction. All registered employees are required to "glove -up" prior to commencing any trimming operations. Registered employees will be required to wear and change gloves often throughout the day.

- Trim the leafy material of marijuana flowers; properly weigh the trimmed flowers (buds) as well as weigh all the trim (sugar leaf) and record the weights on the Harvested Marijuana Log Sheet. Weights to be recorded (ensure recording to proper Plant Attribute # or Unique ID #): Flower/bud weight, Trim/sugar leaf weight.
- Once the marijuana material is trimmed it is ready for drying.
- Trimming can be done by using traditional hand-trimming methods or the use of new automated trimming machines.

## TRIMMING PROCEDURES

Immediately after harvest all products from a selected batch are processed for drying. The processing manager shall follow the following process for trimming all cannabis:

- Designate staff members that will trim the given batch.
- Cut the plant into individual stems no longer than 18-inch sections.
- Remove all fan leaves and place in green waste.
- Remove sugar trim with sharp/clean scissors and place all sugar trim in the proper sugar trim drying section to be prepared for the extraction process. Place the stem between two fingers and slowly spin each flower toward the scissors to remove fan leaf.
- Ensure each cannabis pistillate inflorescence has all yellow or brown material removed.
- Hang each trimmed stem from a hanger.
- Once the batch is trimmed, move each hanger into the designated drying room for the particular batch. Scan and record data. Dispose of gloves before leaving the trimming room.

## EXTRACTION PROTOCOLS

Marijuana concentrate is extracted from raw, cured marijuana in the facility by CO<sub>2</sub> Sub/Super-Critical Extraction. This provides pure, solvent-free extracts by utilizing carbon dioxide. CO<sub>2</sub> is a green alternative to solvent-based extraction techniques. The properties of a supercritical fluid can be altered by varying the pressure and temperature, allowing selective extraction. The low viscosity of supercritical carbon dioxide allows it to penetrate into the material more easily while its diffusivity allows for faster extractions. CO<sub>2</sub> is an environmentally friendly solvent that leaves no residue. Known as the “Entourage Effect” these “Whole Plant Extractions” are known to be more effective medicinally by four unique qualities:

- Ability to affect multiple targets within the body
- Ability to improve the absorption of active ingredients
- Ability to overcome bacterial defense mechanisms
- Ability to minimize adverse side effects.

CO<sub>2</sub> extractions will be performed in a professional-grade, closed- loop extraction system, rated to minimum 900 pounds per square inch. All solvents will be stored in secure and approved flammable materials storage containers. All MSDS sheets will be displayed along with emergency procedures to provide proper response to an accident involving a solvent. Employees will be trained by the industries best practices and company extraction Standard Operation Procedures (SOPs). Marijuana flower and trim is cured in the Cultivation Area of the Manufacturing Facility. After the curing process, cured flower and trim will be delivered securely to the Extraction Area of the Manufacturing Facility and prepared for the extraction process. Marijuana from the cultivation area will be delivered securely to the extraction area when after properly cured and ready to be extracted. The chain of custody of the marijuana plant material from cultivation to extraction will be documented within the Seed-to-Sale Inventory Tracking Software. The extraction staff will properly and securely store the marijuana leaves

and flowers until the cannabinoids are processed and extracted. Marijuana extract shall be assigned a lot number immediately upon creation. Extraction employees will be trained in the best practices of all emergency procedures. The extraction area ventilation system will be spark-resistant and separate from the main manufacturing HVAC system. All employees working in the Extraction and Production Area will be trained in Standard Operating Procedures, Good Manufacturing Practices and Emergency Procedures.

Silicon Valley cannabis dispensary, Elemental, provides the following cannabis processing overview:

The medically valuable cannabinoids, such as THC and CBD, and the accompanying terpenoids such as Myrcene and Linalool are found in the resinous crystals of the cannabis buds and leaves. These crystals are called trichomes. When preparing cannabis, the goal is to preserve these trichomes in as intact a shape as possible and not to break or knock them off of the bud of the plant.



**FRESHLY CUT RAW FLOWER** - The raw cannabis plant's flowers, leaves, and stems may actually be picked fresh off the plant and consumed. The flowers contain the highest concentration of trichomes. This means you can eat the plant (add it to a salad, for example, or juice the raw plant with berries and fruit) to receive certain medical effects. When consuming the plant in the raw form, psychoactivity is greatly reduced. Even with the reduced psychoactivity, you will still be receiving the therapeutic effects from the raw cannabinoids and terpenoids. For example, THCA, the raw form of THC, possesses anti-cancerous, anti-inflammatory, and anti-spasmodic properties. Watch this Documentary on Juicing Cannabis for more information.

**DRIED FLOWER** - Most people are familiar with the dried and cured buds of the cannabis plant. Cannabis that is lab tested can be used for treating a number of debilitating ailments. In addition, the cannabis should be screened for harmful chemicals, nutrients, plant growth regulators (PGRs), or carcinogenic radioactive sprays and that there are no bugs, fungus, or bacterial infestations affecting the plant.



**Cold Extracted Cannabis** - There are various methods of extracting the trichomes without heat so that the cannabinoids and terpenoids remain in their raw, acidic forms. THCA and CBDA, for example, are collected and suspended without decarboxylation.



**KIEF** - This is plant matter and trichomes that fall off of the raw plant. It is a loose collection of cannabinoids and terpenoids that may be smoked, cooked, or ingested raw. A common example of where to get Kief is at the bottom of a grinder that has seen extensive use.

**SLURRY** - This is a cold extraction of cannabis using olive oil or alcohol. It is usually ingested raw. It involves steeping and soaking raw cannabis flowers and or hashish in either alcohol (most common) or olive oil. It differs from a tincture in that its consistency is semi-liquid, and it contains some of the granular plant material.



**HASH (Hashish)** - The word Hashish comes from the Arabic word meaning grass. Extraction usually involves cold water and ice. Hash has evolved over the years, and today, another type of hash, Bubble Hash, is made using an extraction process that involves water, ice, and micron specific bags for filtering and extracting the trichomes contained in the flower. The result is a set of micron and grade specific hash that is often cleaner and more potent

than Kief. When cured and dried properly, the resulting product is a beautiful powdery collection of trichomes. Hash and Bubble Hash are typically smoked or vaporized, but also may be eaten. This can be in either the raw or cooked (decarboxylated) form.

**ESSENTIAL OIL (Wax)** - Essential Oils are made by using a solvent such as butane, CO<sub>2</sub>, or O<sub>2</sub> to knock the trichomes off of the plant. The solvent is then removed using a variety of purging techniques that usually involve heat and sometimes vacuum pressure. The various techniques of extraction produce a variety of consistencies and the resulting products contain high concentrations of cannabinoids. Note: often the terpenoids are lost in the (heat) purging process. Essential Oils are typically consumed by using a Vaporizer, but they may also be utilized in making cannabis edibles.



**EDIBLES** - Cannabis can be infused into virtually any food or drink. Usually the cannabis (flower, hash, or essential oil) is dissolved by heating in fats, butter, or oils that can then be used in any cooking recipe. Some edibles may be made with specific dietary needs in mind (vegetarian, vegan, gluten free, etc.). They may be made with specific strains with the aim of achieving specific therapeutic effects. Dosing, however, can be difficult as metabolizing the cannabis takes longer and goes via the liver.

**OIL** - Slow heating cannabis into oil. Products like Full-Extract Oils or RSO (Rick Simpson's Oil), are made using alcohol to extract the cannabinoids and terpenoids. The alcohol is then cooked off, leaving a thick oil. Other methods of making cannabis oil involve slow cooking the medicine into olive or coconut oil.



**TEA** - The practice of and the simplicity of making tea out of cannabis leaves and or flower can be a relaxing, soothing, and therapeutic experience.

**TINCTURE** - These are a liquid suspension of cannabinoids and terpenoids, typically in alcohol or glycerine. Before cannabis prohibition, tinctures were the most common way of consuming cannabis as medicine. Sometimes other medical herbs and botanicals are added to the tincture, making for a medicine with a wide range of effects.



**TOPICAL** - These are creams, lotions, salves, and patches that are useful for many skin, muscle and joint ailments such as general aches and pain, inflammation, psoriasis, arthritis, and even skin cancer. Creating topicals is a simple process - the cannabis (flower, hash, essential oil) is heated at a low temperature into an emulsifier such as beeswax or coconut oil. Other herbal remedies may also be mixed in during the process, making for countless possible products.

**SUPPOSITORY** - Although not available everywhere, cannabis suppositories can be a helpful means of administering cannabis when smoking, vaporizing, or oral digestion is not possible. Absorption is quick and bypasses liver metabolism. Suppositories are usually made with cocoa butter.



Leafly, the world's largest cannabis information resource, provides an overview of drying and curing cannabis buds:

After months of hard work carefully tending your plants, you've finally harvested a crop of frosty, fragrant cannabis buds that you just can't wait to try. But first, they need to be dried. While you may be tempted to dry your cannabis as quickly as possible, curing, a prolonged process of removing moisture from the flowers under controlled environmental conditions, will provide a much better product for multiple reasons.

### **Proper Cannabis Curing Increases Potency**

Cannabis plants produce tetrahydrocannabinolic acid (THCA) and other cannabinoids through a process called biosynthesis, in which certain compounds are gradually converted into new blends. For example, THCA becomes the main psychoactive compound in cannabis, THC. This process doesn't completely stop the second you cut down your plant; if you keep freshly harvested cannabis in temperatures between 60 and 70°F and humidity level between 45-55%, the conversion of non-psychoactive cannabinoids to THCA will continue and your buds will gain potency. Quick drying under warm, dry conditions halts this process much faster.

### **Curing Affects Flavor and Quality of Smoke**

Many of the aromatic compounds (terpenes) that give cannabis its unique smell and flavor are quite volatile, and can degrade and evaporate at temperatures as low as 70°F. A slow cure at low temperatures will preserve these terpenes better than a quick, hot cannabis drying process. These conditions also create an optimal environment for enzymes and aerobic bacteria to break down leftover minerals and the undesirable sugars produced by the decomposition of chlorophyll during the drying process. The presence of these sugars and leftover minerals is what causes the harsh, throat-burning sensation you get from smoking improperly cured cannabis.

### **Curing Preserves Your Cannabis**

A proper cure allows you to store your cannabis for long periods without worrying about mold or the loss of cannabinoid content. Well-cured flowers can be stored in an air-tight container in a cool, dark place for up to two years without significant loss of potency.

There are many ways to cure cannabis buds, but most people use a variation of one popular method. Although you can freeze dry, water cure, or even dry-ice cure your buds, we are going to focus on the easiest and surest way to get the best results from your harvest.

### **Initial Cannabis Drying**

How you complete this step will depend on how you harvest your cannabis. The most popular way is to cut 12-16" branches from the plants, remove unwanted leaves, and then hang the branches from string or wire. Some growers cut and hang whole plants, while others will snip buds from branches and place them on cannabis drying racks. You may fully manicure your flowers before drying or wait until after.

Regardless of which method you prefer, you will need to keep the harvested cannabis in a dark room with temperatures kept within the 60-70°F range and humidity between 45-55%, with a small fan to gently circulate the air. This is crucial to preserving the flavor and aroma of your harvested bud in the finished product, so it's recommended that you have a dehumidifier, A/C unit, or another method for ensuring that conditions stay in this range. When the flowers feel a little crunchy on the outside and the smallest branches snap when you bend them rather than fold, you're ready for the next step. Depending on the density of the flowers and the environmental conditions, it can take anywhere from 5 to 15 days for the initial drying to be complete.

## Final Cannabis Cure

Once you have determined that your cannabis buds are mostly dry, it's time to cure them.

Step 1: Manicure your buds and separate them from the branches if you have not done so already.

Step 2: Place the trimmed buds into some type of airtight container. Wide mouth quart-size canning jars are the most commonly used container, but you can use ceramic, metal, wood, or plastic vessels as well. Some people use oven bags, which are perfectly fine, but most plastic bags are unsuitable for curing as they are not impervious to oxygen and can degrade when they come in contact with certain terpenes found in cannabis. Pack the flowers loosely into your containers, filling them all the way to the top without compacting or crushing the buds.

Step 3: Seal the containers and place them in a cool, dry, dark spot to finish the curing process. Within the first day, you will notice that the buds are no longer crunchy and dry on the outside, as moisture from inside the flowers rehydrates the outer portions. If this is not the case, you have over-dried your cannabis.

Step 4: During the first week, open the containers several times per day and let the flowers "breathe" for a few minutes. This allows moisture to escape and replenishes the oxygen inside the container. If you notice the odor of ammonia when opening a container, it means the buds are not dry enough to be cured and anaerobic bacteria are consuming them, which will lead to moldy, rotten cannabis. After the first week, you will only need to open the containers once every few days or so.

After 2 to 3 weeks in containers, your cannabis will be cured enough to provide a quality experience, but 4 to 8 weeks of cure time will improve it even more. Some strains benefit from 6 months or more of curing. The curing process is possibly the most overlooked aspect of cannabis production, one that was all but ignored when the black market was our only option. Due to competition in the medical and recreational cannabis markets, more producers are paying attention to this process that turns a decent product into a truly excellent one, and now you can do the same with your homegrown flowers.

## Fermentation

Fermentation is the process in which microbes and plant enzymes break down complex chemicals into simpler ones, mainly starch and sugars into alcohol and simple acids. In the process chlorophyll is destroyed, giving the material a more ripened appearance. If the fermentation is stopped early, the marijuana has a sweeter taste because of the sugars which the ferment produced. Fermentation occurs when the moisture content of the marijuana is raised above 15 percent and the temperature is above 60 degrees. The more tightly packed the material, that faster the ferment proceeds. The rate of ferment is controlled primarily by varying the moisture content, but each batch proceeds at its own rate because of differences between plants in nitrogen content. During fermentation, flavoring can be added to give the marijuana a spicy aroma. Such spices as cinnamon, cloves, ginger, mace, sage, or vanilla are placed between the fermenting material. Orange, lemon, or lime peels are also used.<sup>5</sup>

Leafly notes that after harvesting marijuana plants, the drying process begins. Drying marijuana, along with curing it, is one of the most important steps to get first class cannabis buds.

The correct steps to properly dry and cure a marijuana harvest:

---

<sup>5</sup> Sky.org

### ***Trimming marijuana***

Trimming means removing all fan leaves from the plants, leaving only the small leaves covered with resin glands. It is better to do this just after harvesting the plant, although many growers remove the bigger leaves some days before harvesting, during the last days of life of the plant.

Drying marijuana plants:

Once all fan leaves are removed from the plants, find a dry, fresh, slightly ventilated and dark place to properly dry them. Hang plants from strings or use drying nets. This process should take 1-2 weeks, depending on environmental conditions. The slower the process, the better the drying of plants.

### ***The curing processes***

When the buds are dry enough, the small stems will break off when bending them. You now proceed with the next stage, the curing process.

To start it we need some cardboard or wooden boxes (varnish-free). One of the most popular options are wooden boxes, that ensure optimal conditions for a correct curing process. Place the buds inside the box and close the lid, trying to open it a few minutes every day. After the first days inside the curing box, it may seem that buds have increased their humidity level; this happens because buds release humidity that remains inside the curing box. The curing process takes 1-3 weeks. When the buds are crunchy again, the curing process is over.

---

## **SEED-TO-SALE COMPLIANCE**

The mandate by the Commonwealth for “seed-to-sale tracking” has been addressed by a number of software entrepreneurs who have created packages specifically for marijuana cultivation and processing. With the Commonwealth’s mandate requiring seed-to-sale tracking, both forward looking data and archived data will play an integral part in the financial health and inventory control of the Company.

---

## **COMPLIANCE CHECKLISTS**

Onsite inspections and compliance tests must be considered a critical part of the success of the cultivation and processing facility. Marijuana on the federal level is a Schedule One Controlled Substance, so the states take it’s growing, selling, taxation and marketing very carefully. In order to stay compliant, it is critical to constantly check the readiness of the facility for a surprise visit from state regulators. Certain checklists can help do this on a daily basis, which will avoid playing catch up when an inspection is scheduled or done randomly.

In order to maintain order and compliance, the workflow must be documented and compared to the state’s regulatory requirements. For example, if the state mandates that all growing must be done organically, it is critical to review nutrients and other treatments to ensure they are organic. Many of the different states are primarily interested in tracking inventory to prevent diversion, while others will spend time insuring cultivation is done organically, that deliveries conform to the manifest in the vehicle, that security practices are maintained, and some will also test the product to ensure it conforms to its labeling for content, presence of mold or bacteria, etc.

NECC has developed a detailed self-compliance checklist to be used to maintain safe and lawful practices and to constantly monitor local and state guidelines for growing, delivering and securing marijuana.

---

## MARIJUANA ESTABLISHMENT SECURITY PLAN

NECC will establish and adhere to a security procedure protocol which both conforms to the promulgated rules and regulations of the state as well as our own internal requirements. We will provide additional security as needed and in a manner that is appropriate for the community where we operate.

Due to current federal law, we will not allow armed guards inside the cultivation and processing facility. However, we may contract with outside security companies to provide services when picking up cash receipts from customers and/or making deposits at the bank. The facility will monitor through its camera security system our dedicated parking lot with both security personnel and cameras covering all angles of the facility. Our delivery people will maintain two-way contact with the delivery manager through cellular phones, and a dedicated two-way radio. NECC, will also have a state-of-the-art alarm system with motion detectors, window breakage alarms, panic alarms, and 24/7/365 monitoring by an outside security firm. All equipment will be tested at least quarterly by the security monitoring agency.

The cultivation and processing facility managers will be designated as “keyholders”. They will have the ability to unlock the facility, turn off the alarm, and allow employees to enter. As part of their security responsibilities, they will follow specific daily checklists regarding internal and perimeter security, periodic alarm testing, and monitoring security cameras. We may have an outside contracted compliance company run quarterly tests to ensure compliance with all facets of the operation.

### CAMERA AND VIDEO SECURITY

The cultivation and processing facility will be monitored twenty fours a day, every day, by closed circuit television systems and IP video capture. The IP video capture will provide on line, real time viewing of all facilities, and all areas that may be monitored by law. The resolution of each camera will be high density resolution (HD1080) and also will be equipped with infra-red electronics to capture images in low light situations. We will also be utilizing wide dynamic range technology (“WDR”) that allows better angle coverage and will reduce overexposure effects and difficult lighting. To prevent vandalism to outdoor cameras, each will be encased in a protective housing that will also prevent water or weather damage to the unit.

The video management software will allow our system to record, view and manage all cameras from a monitoring station or a remote device such as a tablet or smartphone. Some of the primary features of the system may include:

- a. Digital archiving capability.
- b. Color printing capability.
- c. Still photography capability.
- d. System failure notification.
- e. Battery backup (minimum of one hour).
- f. All recorded information will be archived onsite as well as transmitted in real time to an outside “cloud” storage facility.
- g. All camera coverage will include both secure and restricted areas, as well as point of sale areas.
- h. All camera coverage will include all points of entry to, or exit from secure and restricted access areas, as well as sale and storage areas.

- i. Storage for all video capture will be archived for a minimum of thirty days.
- j. All video capture will have a visible time and date stamp.
- k. All video capture will use a commercial authentication system to ensure non-tampering with the date.

As stated in letter “f”, we will be utilizing an outside vendor to ensure that there is a copy of the tape off premises in the event a situation arises where the surveillance system is compromised, damaged, or stolen. In this event, the reconstruction of the incident can be accomplished by the tapes that have been archived off site.

### **SECURITY SURVEILLANCE FOOTAGE**

One of the primary tools for the security team is video surveillance, which shall be supported by appropriate lighting. The entire facility shall be covered by video surveillance, which will monitor every room at all times. Footage shall be recorded and stored for at least 60 days. The Director of Security shall verify this at least weekly.

The recording system includes a failure notification protocol whereby if any camera ceases to function, the Director of Security and surveillance monitoring company will be immediately notified. This will prompt an incident report. In addition, security guards will verify that security equipment is functioning properly at least once per shift. In the event of power failure, the video surveillance system has at least four hours of back-up power.

### **ACCESS TO SURVEILLANCE FOOTAGE**

Only the facility manager, owners and management, and security personnel have access to security surveillance footage. At all times someone on-site shall have the ability and authority to access the security surveillance footage in the event that authorities require the footage. Persons with access to this footage shall receive training in pulling high-resolution still images from the footage in case the authorities request such an image. All such requests must be recorded in the incident log and

reported to and reviewed by the Director of Security. For transport between or among facility facilities, a transport container shall be packed, secured, and loaded and unloaded and unpacked, in full view of security surveillance cameras. For transport from a facility to a laboratory, a transport container shall be packed, secured, and loaded in full view of security surveillance cameras.

Access to security surveillance footage shall require password or keycard access creating an electronic trail. The Director of Security shall verify at least weekly that there have been no unauthorized accesses to the security footage. All entry into the unit must take place through either the main entry or through the loading room, both of which have biometric access requirements and clear security surveillance. Following entrance through these rooms, all products and personnel must go through either the clean room or quarantine room, minimizing external contaminants that may enter the building.

### **FACILITY SECURITY**

The facility security is designed to deter security breaches from the outside in. The facility will feature overlapping physical security measures and procedures that control access to cultivating and processing areas, enhance security at vulnerable times and locations, and enable rapid response in the event of an incident. The Complex site plan shows the entire complex of processing and cultivating buildings, including the nearby streets, parking lot, and any other entities that physically border the site. Cannabis

and associated products will not be visible from any public property or property controlled by the cultivation center.

## **PERIMETER SECURITY**

### ***Fencing***

The entire facility is a secure zone. The perimeter will be secured with 8-foot razor-wire fencing, open only at the main perimeter entry-point which will be manned 24/7 by a security guard in a guard booth. Parking will be within the perimeter.

### ***Entrance and exit protocols***

Entrance and exit protocols are designed to restrict entrance only to those with sufficient reason to be on the premises, and to ensure that at all times security is aware of all people on the premises and the areas they are authorized to be present in. The complex has a single gated entrance through the perimeter fencing, with a guard stationed in a guard booth there at all times. The guard will monitor the front of the facility from this booth. Upon seeking entrance, prospective entrants will submit their identification to the guard, who will categorize them into one of four types:

1. Authorized personnel, including tenants of the cultivation facilities, employees of the Complex, and contracted security personnel.
  - a. Must show: Complex-issued ID.
  - b. Must use biometric control to enter.
2. Visitors, such as third-party vendors or potential clients.
  - a. Must show: Government-issued ID.
  - b. Must be present on an appointment or delivery list.
3. Official visitors, including regulatory officials, law enforcement, or other persons as determined by the Executive Site Manager.
  - a) Must show: Government-issued ID.
  - b) Must show: Appropriate documentation for an unscheduled inspection or must be present on an appointment list.
  - c) Must at all times on-site be accompanied by the manager on duty.
4. Unauthorized persons, such as former employees, former tenants, or prospective visitors without valid appointment documentation.
  - a) Must show: Government-issued ID for verification procedures.
  - b) Management and the Director of Security will be notified, as appropriate.
  - c) Will not be permitted onto the premises.
  - d) Will be compared with a list of persons banned from the premises.

Identification must contain a picture, date of birth, be currently valid and not have expired. If the entry guard suspects ID fraud, the entry guard will deny the prospective visitor access, and will notify the authorities. All visitors and official visitors shall sign in the visitor digital finger print on camera and will be escorted (within line of sight) at all times. Prior to letting these individuals onto the premises, the security guard will contact the authorized personnel who will be responsible for their conduct. Authorized personnel may escort a maximum of five visitors or official visitors. All unauthorized persons attempting to enter the premises will be recorded and reported to site management in daily logs. All unauthorized persons who have previously been banned from the premises shall be documented, including as much information as possible, including photograph, name, and reason for ban. If any such

person seeks to enter the premises the security guard will immediately report the attempt to site management and the Director of Security. Each person permitted to enter the complex shall display a color-coded badge at all times. They shall appear above the waist on the front part of the person's body. This will ensure that any unescorted visitors are easily identified. Prior to exit, all persons shall check in with the security guard and present the same identification as required for entrance. All vehicles will be visually inspected before entering and leaving the premises to ensure no unauthorized persons or material is entering or leaving. This may include visual inspection of the interior, including trunks. All entrants or attempted entrants, including copies of ID, time of arrival or departure, and vehicle make, model and license plate number will be logged by the guard.

### ***Visitor protocols***

Summary of visitor protocols:

All vendors, contractors, state or local government representatives, and all others without permanent Complex-issued ID, are considered visitors.

Before being permitted to enter the premises, all visitors shall provide proof of age and ID, included on an expected list of visitors or show official documentation of an unscheduled inspection or authority to perform such inspection and sign the visitor log on camera. The entry guard will verify that the name on the identification matches the name in the visitor log. Identification must contain a picture, date of birth, valid and not expired.

- All visitors or official visitors shall be escorted at all times.
- Escorting means within reasonable line of sight.
- A single employee may escort no more than five visitors.
- The escorting employee shall log all access by visitors to Limited Access Areas at the time of the access.
- Compensation may not be used as leverage for allowing visitors onsite.

### ***Access controls and locks***

Each building within the perimeter will be secured with electronic biometric locks that log the entry times of all accesses and access attempts. The Director of Security has the authority to allow or disallow employee and cultivation tenant access to any of these locks and will maintain records detailing all allowances. The Director of Security will investigate all attempts at access to areas where employees are not authorized. The Director of Security will work with security vendors to test and maintain the biometric locks regularly, to ensure the site remains secure. Using biometric door locks allows the Director of Security to limit access with minimal interference with individual tenant movement or operations.

### ***Limited Access Areas***

The Director of Security may designate areas of the premises as Limited Access Areas (LAA). Typically, an LAA will be an area of the premises containing cannabis plants or product, business records, security or surveillance equipment, or cash. However, the Director of Security may designate additional areas as LAA at his or her discretion. All LAAs are considered heightened security areas. The Director of Security will specifically review access authorization to these areas at least on a monthly basis and will strive to limit access authorization only to personnel who require that access. No visitors will be permitted into an LAA without advance documentation and authorization. Official visitors present for purposes of inspection will be permitted as required but shall be accompanied by the Director of Security or another senior employee. All access to LAAs will be recorded through the lock's electronic log and by video surveillance. The Director of Security will review these records at least monthly.

***Building opening and closing protocols***

The Director of Security and Director of Cultivation will designate supervisor-level staff. These supervisors will receive special authority associated with their biometric information to enable them to lock and unlock their respective buildings or access areas. In order to open any building or other Limited Access Area from a secured situation, one of these supervisors must enter his unique entrance code. The supervisors will have a checklist to walkthrough upon entry, verifying that surveillance cameras in all rooms are operating correctly and that there are no suspicious signs in the facility. The supervisor shall complete and digitally submit the form to the Director of Security prior to beginning operations or allowing other staff through the clean room. This checklist should take 5-10 minutes to complete. Both will confirm in a written log that the facility status is normal before admitting additional personnel to the facility. The last person to leave the Limited Access Area buildings and the property must be a supervisor. The supervisor must enter a special command and biometric information, such as a fingerprint, in order to secure the facility. A supervisor must follow this exit protocol to secure the facility each time the Limited Access Area building is left unattended. Security will always monitor personnel leaving the main Central Processing Center or Cannabis Cultivation Complex property.

***Product Security***

All areas where cannabis clones, culture, plants, or products are stored, processed, manufactured, shipped or received shall be defined as LAA. These areas will include climate-controlled vaults for finished products, climate-controlled storage containers for intake, and separate climate-controlled storage containers for products that have passed testing.

***Record Security***

All areas where business records, including employee files and surveillance footage, are stored shall be defined as LAA. Records shall be stored as digital files on access-limited computers. Documents will also be printed and stored in locked filing cabinets within areas defined as LAA. Records stored include 60 days on cloud storage of surveillance footage and business and incident records dating back seven years. The Director of Security will at least weekly verify the integrity of the records and review the logs to ensure there has been no unauthorized access. In the event of a records security breach, the Director of Security will work with the executive staff to review all recordkeeping and security policies to identify deficiencies, corrective measures, and to rectify any compromised information. The Director of Security will also report such incidents to law enforcement if appropriate.

---

**RISK FACTORS**

*The start-up of a marijuana establishment is speculative and involves a high degree of risk. This section contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this document.*

**YOU SHOULD CAREFULLY CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED BELOW AND THE OTHER INFORMATION IN THIS DOCUMENT. THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE NOT THE ONLY ONES ASSOCIATED WITH THE START-UP OF A MARIJUANA ESTABLISHMENT. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN MAY ALSO IMPAIR OPERATIONS. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCUR, A MARIJUANA ESTABLISHMENT'S OPERATIONS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS COULD BE MATERIALLY ADVERSELY AFFECTED.**

**WE ARE DEPENDENT ON FOLLOWING STRICT REGULATIONS**

We are required to adhere to strict regulations under Massachusetts General Laws, which regulate and govern the oversight, personnel and operation of marijuana establishments. Obtaining and retaining an appropriate marijuana establishment license to cultivate and process products will require significant oversight and management. It is extremely challenging to predict the regulatory environment and what future requirements may be introduced and how that might impose additional costs and result in reduced margins. The regulatory environment remains fluid and our analysis reflect that the marijuana marketplace is extremely dependent on regulatory policy, procedures and practice.

**WE CANNOT PREDICT OUR SUCCESS BECAUSE WE HAVE A LIMITED OPERATING HISTORY**

We have a limited operating history. Our marijuana establishment will be a Massachusetts start-up with no operations to date. Our prospects must be considered in light of the risks. To address these risks, we must, among other things:

- address all required applications and forms in a complete and timely manner;
- work with the desired site's municipality to secure special permits and approvals;
- engage professional growers for cultivation setup and operation;
- appropriately engage the community; and
- secure a Host Community Agreement with the Town of Holliston.

**DISPENSING MARIJUANA IS STILL NOT LEGAL UNDER FEDERAL LAW**

Federal laws trump state laws. In states which have legalized marijuana, technically, marijuana establishments, their management and owners, dispensaries, customers, patients and caregivers could still be arrested and punished for possessing marijuana under federal law as marijuana is still listed as a Schedule 1 drug. That said, in states where medical and/or recreational use has been legalized, federal authorities have hesitated to address the inconsistencies with federal law. If this changes, the financial and operational prospects for our marijuana establishment could be negatively impacted.

**WE DEPEND UPON KEY PERSONNEL AND MAY BE UNABLE TO TIMELY HIRE AND RETAIN SUFFICIENT NUMBERS OF QUALIFIED PERSONNEL**

Our success is dependent on our ability to attract and retain experienced cultivation and processing management personnel. Such personnel must pass rigorous background checks to determine their suitability as per the Massachusetts general laws. Background checks are conducted by a third-party vendor during the application process, and as hired. If an individual associated with a proposed or operational marijuana establishment is deemed "unsuitable," the marijuana establishment will need to extend its hiring search. Locating personnel with the specialized combination of skills and attributes required to carry out our strategy can be a lengthy process. The loss of key personnel, or the inability to attract additional, qualified personnel, could have a material adverse effect upon our results of operations and sales and ability to grow the marijuana establishment as expected.

**UPSIDE RISK - MARIJUANA POLICY IS ONE OF THE MOST RAPIDLY EVOLVING AREAS OF PUBLIC POLICY**

The recent policy trend in the United States, and in fact internationally, has been towards liberalizing marijuana consumption within the formal regulatory setting. As such, those holding marijuana licenses should be the beneficiaries of continued governmental liberalization of the marijuana marketplace. Governments are reassessing their approach to recreational use of marijuana as they realize that the

recreational marijuana marketplace is likely 5 to 6 times as large as the therapeutic market. Therefore, an effort to formalize the marijuana industry, as occurred in the brewing industry, would materially serve to increase the size of the marketplace and lead to increased enterprise valuations for market participants.

**FOR ALL OF THE AFORESAID REASONS AND OTHERS SET FORTH HEREIN, YOU SHOULD CAREFULLY CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED IN THIS DOCUMENT.**

**NEW ENGLAND CANNABIS CORPORATION, INC.**

**END OF DOCUMENT**

## Types of Products Manufactured

New England Cannabis Corporation, Inc. will manufacture the following product types:

- **Production of Edible Marijuana Products** will comply with:
  - Any edible marijuana product that is made to resemble a typical food or beverage product must be packaged and labeled in accordance with MA laws and regulations.
  - The manufacture or sale of edibles in the following shapes is prohibited: 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.
  - Edible marijuana products that are geometric shapes and simply fruit-flavored are not considered fruit and are permissible.
- **Production of Marijuana Flower (including pre-rolls).**
- **Production of Marijuana Concentrates.**
- **Production of Topical cannabis.**

## **HOURS OF OPERATION AND AFTER-HOURS CONTACT INFORMATION**

*A description of the Marijuana Establishment's hours of operation and after-hours contact information, which shall be provided to the Commission, made available to law enforcement officials upon request, and updated pursuant to 935 CMR 500.000.*

Our hours of operation at our cultivation and manufacturing facility, approved by the Town of Holliston, are 24 hours, seven days per week. We may be closed in observance of the following national holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. The facility will always be patrolled by company-employee security guards.

After Hours contact information:

Ken Stevens  
Executive Officer  
Mobile/Text: 925-580-9253  
Email: [matken@earthlink.net](mailto:matken@earthlink.net)

Ronald Jordan  
Executive Officer  
Mobile/Text: 781-913-3770  
Email: [southbaseball2015@gmail.com](mailto:southbaseball2015@gmail.com)

## **Standard Operating Procedure RESTRICTING ACCESS TO AGE 21 AND OLDER**

### ***1. Purpose***

---

The purpose of this SOP is to provide guidance to employees on the overall restriction of access to persons age 21 and older protocols at the facility and the responsibility of employees working there.

### ***2. Scope***

---

The scope of this SOP is for anyone working in the facility or for the company. Proper access to the facility is a paramount concern for our employees, our staff, and the public.

### ***3. Prerequisites***

---

All employees working in the facility are required to have gone through initial training and mentoring that specifically includes all aspects of the restriction of access to persons age 21 and older at the facility.

### ***4. Responsibilities***

---

Proper access to the facility is the direct responsibility of the Director of Security, who has a staff of security agents, but every employee is trained in specific aspects of the facility's access.

### ***5. Procedure***

---

Under the Massachusetts 935 CMR 500.000: Adult Use of Marijuana law:

- "Consumer" is defined as a person who is at least 21 years of age.
- "Visitor" means an individual, other than a Marijuana Establishment Agent authorized by the Marijuana Establishment, to be on the premises of a Marijuana Establishment for a purpose related to Marijuana Establishment operations and consistent with the objectives of the Act and 935 CMR 500.000, provided, however, that no such individual shall be under 21 years of age.

## **On-Premises Verification of Identification**

Upon entry into the facility, by an individual, the individual's proof of identification shall be immediately inspected to determine the individual's age. An individual shall not be admitted to the premises unless it has first been verified that the individual is 21 years of age or older.

## **Enclosed, Locked Area**

Enclosed marked area means a closet, room, greenhouse, or other indoor or outdoor area equipped with locks or other security devices, which shall only be accessible to consumers 21 years of age or older.

## **Visitor protocols**

Summary of visitor protocols:

- All vendors, contractors, state or local government representatives, and all others without permanent Complex-issued ID, are considered visitors.
- Before being permitted to enter the premises, all visitors shall provide proof of age and ID, included on an expected list of visitors or show official documentation of an unscheduled inspection or authority to perform such inspection and sign the visitor log on camera. The entry guard will verify that the name on the identification matches the name in the visitor log. Identification must contain a picture, date of birth, valid and not expired.
- All visitors or official visitors shall be escorted at all times.
- Escorting means within reasonable line of sight.
- A single employee may escort no more than five visitors.
- The escorting employee shall log all access by visitors to Limited Access Areas at the time of the access.
- Compensation may not be used as leverage for allowing visitors onsite.

## **6. References**

The facility director and the director of security maintain detailed security plans and schematics and are available at any time to answer any specific security questions.

## **7. Reporting**

Any incident involving a security matter must be logged and reported to the facility director, the director of security, and the board of directors.

# **Standard Operating Procedure LOGS AND RECORD KEEPING**

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance on some of the logs and records to be kept by the cultivation facility.

## ***2. Scope***

---

The scope of this SOP includes all employees working in the facility, and all visitors, contractors, law enforcement, regulators, etc.

## ***3. Prerequisites***

---

Each employee will be taught the proper way to fill out logs and records, and how to properly store them and deliver them to the appropriate personnel.

## ***4. Responsibilities***

---

The director of the facility is responsible for insuring all logs and records are kept up to date, and stored for the proper statutory period.

## ***5. Procedure***

---

We will utilize the BioTrackTHC Point of Sale software system for tracking seed to sale inventory, financial records, cultivation and facility records, dispensary records and to integrate accounting records originated in the financial program. Payroll will be performed by an outside service, and adjusting entries will be imported into BioTrackTHC. We will be able to track seeds through harvest, and any product that is transferred to the MIPS kitchen or destroyed. Our record keeping will include sales, seed-to-sale tracking and all other business components except for the following, which will be in an add on database:

- Internal Auditor Spot Counts
- Record Shredding Log
- Cultivation Manual
- Emergency Action Plan (RMD also)
- Security Logs (RMD also)
- Visitor Log (RMD also)
- Pesticide Log Preventative Action Forms & Log
- Foreign Matter Inspection

- Integrated Pest Management Log
- Shipping Records
- Corrective and Preventative Actions
- Chain of Custody Logs
- Sample Collection Log
- Lot and Batch Release Log
- Recall Forms
- Employee Handbook/Training Log
- Sanitation Program
- Cannabis Destruction Records
- Waste Disposal Plan/Log
- Nutrient Dispensing Log
- Daily Opening/Closing Checklist
- End of Day Deposit Template
- Master Employee Scheduling Form
- Product Return Log
- Employee Applications
- Employee Discipline Reports

### **Cultivation Records**

Pursuant to state law, the cultivation facility shall keep and maintain upon the permitted premises for a six-year period true, complete, legible and current books and records, including but not limited to the following:

- Inventory tracking including transport of Company cannabis and manufactured cannabis products.
- Sales and compliance with regulations.
- Financial records including Company income, expenses, bank deposits and withdrawals, and audit reports;
- Logs of entry and exit for the cultivation facilities.
- Employee records.
- Security recordings will be retained a minimum of one year.
- Records of entry and exit for all individuals who entered the facility.
- Amounts by category of cannabis products manufactured and offered for sale by the facility.
- Amounts by category of cannabis and manufactured cannabis products sold by the facility.
- A list of all cannabis, manufactured cannabis products, or unusable cannabis materials that have been destroyed or will be destroyed by the facility.

- A summary of the financial statements.
- Laboratory results of all tests that were conducted.
- Description of any breach or halt in the facility's security system and tracking system.
- Any additional/other information requested by the department.

### **Tracking/Logging Workflow and Pertinent Data**

All workflow will be tracked and recorded for daily review by the facility manager. Logs may be utilized by designated employees to track workflow. In addition to logging, all information shall be entered into the seed to sale tracking software.

### **Information Recording Logs**

The facility compliance manager shall work with each section manager (cultivation and processing) to ensure that all logs are utilized and maintained to track all facility workflow.

#### **Visitor Log**

The company compliance manager is responsible for ensuring any authorized personnel visiting the facility use a visitor log. The visitor log will be located inside the main secured entrance to the facility.

#### **Cleaning Log**

The facility manager is responsible for overseeing the use of a daily cleaning log to track cleaning within all zones of the facility.

#### **Maintenance Log**

A facility maintenance log will be utilized to track maintenance and upkeep on all equipment within the facility.

#### **Light intensity Log**

To ensure all grow lighting is maximized, the light produced by each lamp must be checked on a monthly basis by the cultivation staff. The cultivation manager shall work with each zone manager to measure lighting throughout each growing zone in the facility.

#### **Pest Control Log**

Plant growth zone managers will be responsible for tracking and logging all pest and disease control measures within the facility.

#### **Feed Schedule Change Log**

Plant growth zone managers will be responsible for tracking feeding schedules in all growth zones for which they are responsible. Any change or variance in the respective plant-zone feed schedule must be noted and brought to the attention of the facility manager.

### **Transplant Log**

The transfer log tracks all plant movement throughout the facility. The vegetative manager is responsible for tracking plant movements before flowering begins.

### **Harvest Log**

All flowering zone harvest schedules are tracked on the facility harvest log. The flowering zone management team is responsible for updating this log and noting any variances to the CFM.

### **Daily Inspection Log**

All zone managers are responsible for performing daily inspections and communicating all variances to the facility manager. All zones must comply with the information designated in the growing environment and quality control section. The daily inspection log includes:

- Room temperature: zone manager
- Humidity: zone manager
- CO2: zone manager
- Electrical and lighting: zone manager
- Pest and disease: zone manager
- Photoperiod: zone manager

### **Curing Log**

A curing log shall be maintained by the processing manager to track the time specific strains and batches are in the curing area. In addition to time, environmental conditions such as temperature and humidity are also recorded.

### **Testing Log**

A testing log shall be maintained by the processing manager to keep track of all batches, their respective test dates and results.

### **Finished Batch Log**

The following information shall be collected pursuant to state regulations in order to maintain records for company R&D, tracking purposes, as well as relaying all pertinent data to the dispensary to which any part of a batch is sold.

For each batch of cannabis cultivated, the following information shall be collected:

- The batch number.
- Whether the batch originated from cannabis seeds or cannabis cuttings.
- The strain of the cannabis seeds or cannabis cuttings planted.
- The number of cannabis seeds or cannabis cuttings planted.
- The date on which the cannabis seeds or cuttings were planted.
- A list of all chemical additives used in the cultivation, including, without limitation nonorganic pesticides, herbicides and fertilizers.
- The number of cannabis plants grown to maturity.
- Harvest information, including, without limitation:
  - the date of harvest;
  - the final yield weight of processed usable cannabis; and
  - the name and cannabis establishment agent registration.

## ***6. References***

---

Please refer to the different logs maintained by the facility director for specific instructions for record keeping.

## ***7. Reporting***

---

All logs must be kept up to date, and all entries must be signed by the person making them.

<b>Standard Operating Procedure RECORD RETENTION POLICY</b>
---

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance on the facility's record retention policy, including where and how it is stored.

## **2. Scope**

---

The scope of this SOP is for all employees who provide back office support and are responsible for the records maintained by the facility.

## **3. Prerequisites**

---

The prerequisites for reaching the security level where employees have access to the database, passwords, and physical hard copy includes original training and specialty training in back room procedures, record databases, and protocols for record retention/destruction. The facility director will maintain a list of all employees with access to the ability to purge records from the software system, and also who may designate records to be physically shredded.

## **4. Responsibilities**

---

Only senior level employees may actually destroy records, and only upon clearance with the facility director, who will provide time frames for record destruction based on outside counsel's interpretation of the regulations.

## **5. Procedure**

---

### Retention of Laboratory Test Results

The facility will retain all laboratory test results for each batch and lot of marijuana tested for a minimum of five (5) years on-site within the Licensed Premise. Laboratory test results will be maintained within a lockable filing cabinet located in a limited-access area on the Licensed Premise.

- The facility will retain every certificate of analysis within secure storage in a limited access area of the Licensed Premise.

### Records and Documents Storage Retention

Unless otherwise specified, the facility will retain and maintain all records and duplicate sets of records for a minimum of six (6) years.

### Duplicate Records and Off-Site Storage

The facility will maintain duplicate sets of all records required by regulation. These duplicate copies of the facility's records will be maintained at a secure, off-site location. This location will only be disclosed to personnel with proper security

clearance. The off-site record storage will be secured with a security alarm and surveillance system to ensure access is limited to authorized personnel only. The facility will maintain duplicate copies of all records at a secure storage facility within the state.

### Reports

The facility can generate a list of the products and their specifications that have been offered for distribution. These reports are to be provided to the Department upon request.

- Reports can be created through the BioTrackTHC™ inventory control system.
- Within the inventory control system, the facility will be able to generate a list of all the products along with their specifications that were offered for distribution.
- This list can be generated for all products offered within specific date ranges.

### Record retention

(a) The facility shall retain for a minimum of six years business operation records including but not limited to:

- (1) Inventory tracking including transport of marijuana and manufactured marijuana products;
- (2) Sales and compliance with any dispensing limitations;
- (3) Financial records including income, expenses, bank deposits and withdrawals, and audit reports;
- (4) Logs of entry and exit for facility; and
- (5) Employee records.

## **6. References**

---

Please refer to the outside counsel's report on record retention policies which is updated quarterly.

## **7. Reporting**

---

Any and all changes to the record retention policy must be vetted by the facility director. If the policy is changed, a copy is circulated to all employees through our email listserv.

**Standard Operating Procedure**  
**SEPARATING RECREATIONAL AND MEDICAL**

In accordance with 935 CMR 500.105(8)g, our medical and adult-use inventory will be virtually separated through the use of our seed-to-sale system. In this effort, we will establish two completely separate accounts within the seed-to-sale system to provide a unique and distinct separation between medical and adult-use inventory. Before any entry or query into the seed-to-sale system can occur, the operator will first be required to login to and select the "medical" or "adult-use" account before they can process any effort within the seed-to-sale system. Once logged into the appropriate account, only medical inventory will be accessible in the "medical" account, and only adult-use inventory will be accessible in the "adult-use" account.

## Standard Operating Procedure PERSONNEL POLICIES

1. Personnel Policies. 935 CMR 500.101(2)(e)(8), 935 CMR 500.105(1); 935 CMR 500.105(9) (required);
2. (h) A staffing plan and staffing records in compliance with 935 CMR 500.105(9);

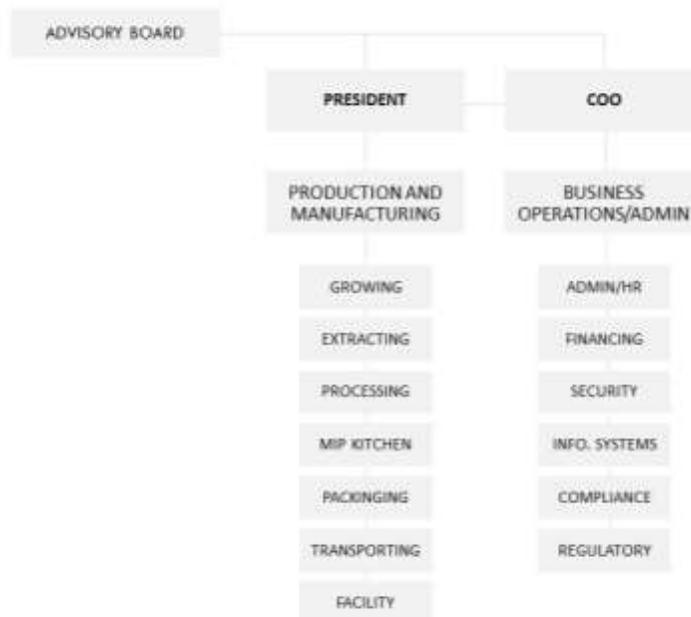
**Note: Please see the above regulations and resubmit an amended plan.**

### OVERVIEW

The purpose of Standard Operating Procedures (SOP) for Personnel Policies is to describe the policies in place for personnel. This SOP applies to all personnel policies to address:

- 935 CMR- CANNABIS CONTROL COMMISSION, Section 500.100: Application for Licensing of Marijuana Establishments; and
- Section 500.105: General Operational Requirements for Marijuana Establishments.

### Organizational Chart



## **RESPONSIBILITY**

### **Operations Manager**

Operations Manager provides oversight and supervision of day-to-day operations, task delegation and accountability, and most importantly transportation and distribution. Operations managers oversee security managers and facility staff to ensure that Standard Operating Procedures related to all components of facility operations are followed according to their method of procedure.

### **Inventory Manager**

The Inventory manager supervises the standardized and safe packaging and inventory of supplies of marijuana products. Inventory managers are responsible for the oversight and record keeping of active plant and product inventories at all Facility locations where these items can be found. Inventory managers are an integral part of inventory management, preventative measures against diversion, implementing new standards and processes, and ensuring adherence to Standard Operating Procedures.

### **Quality Assurance Officer**

A Quality Assurance Officer with appropriate training and experience in quality control procedures, will ensure that quality assurance methods are effective and executed consistently. This individual shall exercise oversight over all practices and procedures from seed-to-sale. The Quality Assurance Officer ensures that all documents relating to quality control are assessed, recorded, documented, and distributed to the proper persons and authorities. It is also the responsibility of the Quality Assurance Officer to train, oversee, and hold accountable employees for their respective roles and responsibilities.

### **Human Resources Director**

The Human Resources Director oversees all hiring and terminating of employees; and administration, and training of personnel. The human resources director focuses on activities relating to all employees, including but not limited to: recruiting and hiring of new employees, orientation and training of current employees, employee compliance, employee benefits and retention.

## **EMPLOYMENT**

### **Temporary Employees**

Individuals hired as temporary employees are not eligible to participate in any benefit programs, vacation or paid time off. Temporary employees work on an at-will basis.

### **Part-Time and Full-Time Employees**

Part-time and full-time employee status is determined by the total regular hours worked per week. Part-time employees work 29 hours or less. Full-time employees work 30 hours or more.

### **Equal Employment Opportunity**

The Company is an equal opportunity employer and makes employment decisions on the basis of merit. We prohibit and will not tolerate discrimination of any kind, based on race, color, creed, sex, religion, marital status, age, national origin or ancestry, physical or mental disability medical condition including genetic characteristics, sexual orientation, or any other consideration made unlawful by federal, state or local laws.

### **The American with Disabilities Act (ADA)**

The company will make every effort to accommodate qualified individuals with a disability so they can perform the requirements of their job.

### **EMPLOYEE RIGHTS & RESPONSIBILITIES**

The company will provide all necessary information to employees and will provide a thoughtful and comprehensive new employee orientation program. All employees will receive the company's Standards of Conduct and Responsibility presentation and will be required to adhere to all requirements.

### **Discrimination and Harassment**

The company will provide a safe work environment and will not tolerate any form of discrimination and/or harassment of any employee, by anyone.

### **RECORD RETENTION**

All personnel records will be maintained on the facility premises for a period of 7 years.

All agents hired will have a confidential file built with their resume, application, references, and documentation of conversations with references. In addition, the personnel director will:

a. Maintain a file both digitally and written of all materials submitted to the CCC for each person to be hired.

b. A copy of the documentation of references along with notes, emails, or other responses received concerning the potential hire.

c. Any contract or agreement detailing any and all terms of the employment offered including the duties of the job hire for, who they are responsible in the organization's organizational chart, their authorities and who they both report to and whom reports to them, their qualifications noted on their application for the position, and who they report to.

d. A copy of the signed statement from the employee under the pains and penalties of perjury that states that they have completed all required training, including training for privacy matters, HIPAA related matters, network usage, etc.

e. Documentation including handouts, presentations, etc., of all required training, a signed attendance sheet from the employee indicating the date, time, and place where they received the training, the topics discussed, the name of the presenter, the title of the presentation, and any other relevant material.

f. Copies of periodic performance evaluations, including feedback from the employee.

g. A signed notice by the employee and their manager of attendance of the mandatory vendor responsibility and related duty training (minimum eight hours).

### ***1. Purpose***

---

The purpose of this SOP is to provide guidance for the hiring procedure for new employees.

### ***2. Scope***

---

The scope of this SOP is for all human resource personnel to understand the hiring process for new employees, pay structure, positions available, etc.

### ***3. Prerequisites***

---

Anyone involved with HR must go through job specific training including personnel file confidentiality, workplace policies, job descriptions, pay rates, etc.

### ***4. Responsibilities***

---

It is the responsibility of the corporate trainer along with the director of human resources to train new hires working in personnel.

### ***5. Procedure***

---

The Employee Handbook will contain the following headings, which covers in detail the personnel policy guidelines that will be initially introduced into the facilities:

- New Employee Policies
- Reference/background checks
- Time-Related Policies
- Compensation-Related Policies
- Personnel Records
- Conflicts of Interests
- General Confidentiality
- Professional Conduct
- Technology Policies
- Confidentiality of Records and Data
- Communications
- Health, Safety and Security
- Fire and Safety
- Reporting Accidents

- Emergency Plan
- Smoking in the Workplace
- Violence-Free Workplace
- Lactation Accommodation
- Employee Relations
- Open Communication
- Standard of Conduct General Policy
- Employee Responsibility
- Responsibilities of Supervisors, Managers, Directors
- Employee Conduct
- Problem Resolution
- Employee Benefits
- Discretionary Benefits
- Employee Assistance Program
- Holidays
- Vacation Policy
- Leave of Absence
- Medical Leave of Absence
- Sick Leave
- Funeral Leave
- Jury Duty and Witness Leave Time
- Voting Time
- Unpaid Personnel Leave
- Pregnancy Disability Leave, Rehabilitation Leave, Military Leave
- Time Off for Victim of Domestic Violence or Sexual Assault
- Benefits During Leave
- Ending Employment
- Termination

### **Recruiting, Benefits, Hiring, Loss of Personnel**

The facility will properly train all of its employees before they are permitted to work in any operations. Prior to being offered an employment position with the facility, all potential applicants will be required to pass a background check to ensure the potential applicant does not have any criminal felony convictions or have been convicted of the crimes listed in the state's regulations and otherwise is of good moral character. The facility intends to offer competitive wages and salaries, as well as benefits packages that include paid time off and health insurance, to all employees. Exact compensation and benefits plans and packages are in the process of being developed. It is the facility's goal to pay salaries that are, at a minimum, equitable and commensurate with salaries paid for similar work within the labor market. Accordingly, positions will generally be classified and then assigned a salary range that defines a minimum and maximum pay rate. An employee's salary may advance within the salary range as the result of performance reviews, promotions, market conditions and other business considerations. Such increases in pay are considered merit adjustments which are not guaranteed and may vary in timing and degree from employee to employee.

In accordance with State legal requirements, employees will be compensated for hours worked in excess of forty (40) hours per week. Non-exempt employees will be paid one and one-half times their regular rate of pay for hours worked in excess of forty (40) hours in a workweek. Overtime pay is based on actual hours worked. Paid time off for holidays and vacations does not count as "hours worked" for overtime purposes. Any overtime hours worked by a nonexempt employee will be required to be approved in advance by the employee's supervisor. Non-exempt employees are not to work before, beyond or outside their normal working hours without such prior approval. Employees who fail to work scheduled overtime or who work overtime without prior authorization from a supervisor may be subject to disciplinary action, up to and including termination of employment.

Number of Employees—exact number of employees employed by the facility is to be determined upon deployment of operations and the establishment of personnel requirements; the breakdown of these requirements can be seen below within the job description section.

Type of Labor—the team at the facility will comprise skilled, unskilled, and professional workers. The various positions within the organization will call for different laborers with different skill sets. The cultivation manager will need to be very skilled in the cultivation of marijuana, whereas an entry-level cultivation laborer will likely be unskilled and trained to the job requirements and functions.

Pay Structure— The facility will determine this upon deployment of operations and the establishment of personnel requirements. Employee compensation will be competitive with industry standards.

Job Termination—all termination actions will follow standard procedures. Basic steps include:

1. Notify key personnel of job termination
2. Obtain all facility keys, ID badges or other company property
3. Disable/change all terminated key personnel facility security access codes or passwords
4. Notify required authorities of the job termination of the key personnel
5. Notify all remaining staff of the job termination of the key personnel and inform them of the conditions of termination (i.e. employee is no longer allowed on the premise and to notify police or other authorities if said employee returns, etc.)
6. Contact security vendor and monitoring company to notify them of the job termination of key personnel.

- a. Remove terminated key personnel from any notification, contact or call lists.

Job Separation—at times key personnel may decide to part ways on their own accord. In such circumstances there will be some basic steps and procedures to follow in for job separations.

1. Obtain all facility keys, ID badges, or other company property
2. Disable/change all key personnel facility security access codes or passwords
3. Notify required authorities of the job separation of the key personnel
4. Notify all remaining staff of the job separation of the key personnel and inform them of the conditions of separation (i.e. mutual separation and key personnel are always welcome back at the facility under visitor status, employee is no longer allowed on the premise, and to notify police or other authorities if said employee returns, etc.)
5. Contact security vendor and monitoring company to notify them of the job separation of key personnel.

- a. Remove key personnel from any notification, contact or call lists.

Replacement of Key Personnel Position—find and interview a suitable replacement for the position that was vacated. Key personnel positions will need to be filled as soon as possible by management without compromising the quality of potential candidates.

## **6. References**

---

Please refer to the personnel manual found in the human resources office, and the training modules put together for vetting and hiring new personnel.

## **7. Reporting**

---

All new hires must have personnel files, copies of which must be uploaded to our cloud server. All new hires should be placed immediately into the contact list as well.

## **Standard Operating Procedure PERSONNEL FILES**

### ***1. Purpose***

---

The purpose of this SOP is to provide guidance for the storage, updating and backup of personnel files.

### ***2. Scope***

---

The scope of this SOP is for all employees who have access to or update personnel files.

### ***3. Prerequisites***

---

Employees who have access to personnel files must have been vetted to do so and must follow all security protocols and specific training to insure their security and confidentiality.

### ***4. Responsibilities***

---

It is the responsibility of the head of personnel to insure all records are properly annotated and securely stored.

### ***5. Procedure***

---

Attendance at formal training classes will be mandatory and documented. Additionally, specific training on SOPs, including applicable laws and regulations, will be signed off by both the employee and a supervisor. This documentation will be retained in the employee's personnel file so that it can be audited by the compliance division. Human resource files and training documentation will be maintained in hard copy and an electronic environment for ease of interaction, retention, and inspection by the commission. Employment contracts will specify attendance at training classes, and in the event the employee does not complete the required training in the specified time, this would be grounds restricting their hours until the training is completed and ultimately dismissal. Personnel files will contain all information related to the hiring and/or employment of any individual who is or was employed by the facility.

## **6. References**

---

Please refer to the SOP's for evaluations and for other documents that become a part of all employee's personnel files.

## **7. Reporting**

---

All personnel files are maintained by the director of human resources. The human resources director reports all appropriate information to payroll, our health insurer, and to other regulatory bodies entitled to receive employment information.

## **8. Compliance with Regulations**

---

The Company will comply with all regulations, specifically noting 935 CMR 500.101(2)(e)(8), 935 CMR 500.105(1); and 935 CMR 500.105(9).

# **POSITIONS AND QUALIFICATIONS**

## **PRESIDENT**

**Roles** - Develops the organization's vision, creates and implements policies, manages strategy development and monitors financials and actual production.

**Responsibilities** - The president is responsible for the overall performance of the company. (S)He monitors revenue and expenses, insuring that resources are efficiently used, and is responsible for signing contracts with vendors and outside parties. The President hires high level staff and provides feedback on their performance. The president is responsible for strategy development, performance management, and public relations as well. Additionally, the president accepts fiscal responsibility and bottom-line accountability for the company.

**Relationships** - The President sits at the top of the organizational hierarchy and has the directors of mission critical sections reporting to him or her. The President is responsible for the hierarchy to work as smoothly as possible all the way down the chain of command. The president reports to the board of directors of the company.

## **GROWING FACILITY MANAGER**

**Roles** - The growing facility manager is responsible for the overall operation of the cultivation center. He or she ensures that the plants are tended to, organic only nutrients are applied, quality assurance is tested both on the soil and the finished product, the mechanical infrastructure is maintained, and kept up to both legal and operational standards.

**Responsibilities** - The growing facility manager is responsible for the marijuana from seed to the final harvest, and all steps in between. It is the growing facility

manager's responsibility to ensure that all finished product, including inventory that is produced for the edibles department is of the highest quality, safe for consumers, and efficiently grown. He or she must ensure a safe, clean environment for the plants, monitor their growth, and work toward production goals established in coordination with the president. Additionally, the growing facility manager works with all employees below him or her on the organizational chart, and besides insuring product quality, establishes and monitors protocols for the protection of product from theft by tracking the marijuana on a software system from "seed-to-sale".

**Relationships** – The growing facility manager reports to the president and works with grow house employees throughout the facility. He or she is constantly visible, and each employee on the organizational chart has direct access to him or her for concerns, issues, or questions about any part of the growth cycle.

## **DELIVERY MANAGER**

**Role** – The delivery manager is responsible for insuring safe and accurate delivery of marijuana products to dispensary customers. The delivery manager controls drivers' manifests, ensures that the proper product is recorded before it leaves the cultivation and processing facility, and accounts for the receipts from the drivers' return manifest. The delivery manager ensures that vehicles are safe, that the GPS system is always operational, and that two different forms of communication are checked daily.

**Responsibilities** – The delivery manager ensures that the product being delivered from the cultivation center matches the inventory order, logs the inventory going to the dispensary to the delivery manifest, balances cash and product at the end of the day, and ensures that drivers are providing timely service to dispensary customers while maintaining strict safety measures in compliance with all State and local laws and ordinances.

**Relationships** – The delivery manager has the dispensary customers, drivers and security as his or her direct employees, and reports to the President.

## **MECHANIC**

**Role** – The mechanic ensures that the infrastructure of the cultivation and processing facility is working properly, and is responsible for lighting, air conditioning, security systems, and the general hardware associated with the property. The mechanic will call in specialists after diagnosing specific equipment failures that he or she is not able to repair and will monitor systems to ensure that regular maintenance is performed.

**Responsibilities** – The mechanic is responsible for infrastructure mechanical devices, and ensures the proper maintenance and upkeep is performed on equipment. The mechanic will perform maintenance tasks such as moving lighting, replacing capacitors and igniters in ballasts, and insuring that locking mechanisms are working effectively. The mechanic works with the growing facility staff to help flush the watering and nutrient delivery system on a regular basis.

**Relationships** – The mechanic works for the cultivation and processing facility and reports to the growing facility manager and is called upon by either to fix mechanical or plumbing issues that he or she is capable of. In the event a licensed professional is required, the mechanic will work with them to explain the details of the facility and to ensure proper repair.

## **GROW FACILITY EMPLOYEES**

**Roles** – Grow house employees work on the plants, watering, checking for pests, cloning, trimming and insuring overall plant health. They will take samples when necessary, and package them for shipment to the off-premise's quality assurance laboratory. They will work within the cultivation facility to help germinate, grow, and prepare to harvest the marijuana. Grow house employees ensure that the facility is cleaned properly, and necessary supplies are available or on order.

**Responsibilities** – The grow house employees are responsible for the plants from seed to harvest. They water, root, clone and maintain ph balances and sufficient water to ensure the plants grow at an optimum level. They are with the plant from seed until they are moved to a finishing room prior to harvest. Grow house employees maintain a clean and efficient environment, and constantly monitor water and nutrient levels to ensure optimum plant health. The grow facility employees maintain constant vigilance for mold, fungus, pests or any other danger to the health of the plants. The grow facility employees take samples for delivery to the off premises laboratory, and logs both the sample and the results in the data tracking system. The grow facility employees ensure that the proper labels are attached to planters and that all inventory is accounted for from seed to final product.

**Relationships** – The grow house employees answer to the growing facility manager, and work in tandem with any extra staff hired to specifically work with the plants. The plant trimmer, listed in the organizational chart, will be a grow house employee.

## **PLANT TRIMMER**

**Roles** - The plant trimmers are grow house employees trained to cut, shape, and maximize plant growth by removing excess leaves outside of the light canopy that are non-productive vestigial elements that are unnecessary to the plant's growth. They trim excess leaves and stalks and inventory them to ensure that all parts of the plant are accounted for.

**Responsibilities** – The plant trimmers are responsible for removing inefficient plant leaves, any sort of growth that appears in the potted soil and helping to shape the plants for maximum efficiency in nutrient uptake and light absorption. They are also responsible for coordinating the packaging and utilization of the excess trimmings whether they are ultimately used to create edibles or other marijuana byproducts or shipped to a composting or destruction facility.

**Relationships** – Plant trimmers work for the grow facility manager, and also coordinate with the harvesting staff to communicate plant readiness for cutting and

placement in the drying and curing section of the facility. Plant trimmers work with the internal auditor to ensure compliance with inventory monitoring.

## **HARVESTING STAFF**

**Roles** – The harvesting staff are trained grow house employees who at the end of the flowering cycle, move the plants into a harvest room for trimming buds from the female plants. They are also responsible for the physical inventory by matching each plant’s identifiers to an inventory sheet produced by the “seed-to-sale” software. The harvesting staff may operate a trimming machine or do much of it by hand depending on the crop. The harvesting staff also ensure that the harvested product is labeled for the drying and curing rooms, and that all plant material is weighed and entered into the tracking database.

**Responsibilities** – The harvesting staff is responsible for the removal of the buds of the female plant, insuring that the trichromes aren’t damaged, and that there is accountability for each plant and the waste produced from each. They will batch different strains onto specific drying racks.

**Relationships** – The harvesting staff reports directly to the grow facility manager, who is present during every harvest. In the event the manager isn’t available, then one of the executive management team will be present to ensure a proper count and weighing of the final product. Security will also interface with the harvesting team to ensure that all product makes it from the harvesting room to the drying room, and that everything has been taped and recorded.

## **EDIBLES CHEF**

**Roles** – The edibles chef is responsible for producing marijuana infused products in a commercial kitchen setting at the cultivation and processing facility. The chef is responsible for safe cooking and food preparation practices, and for accounting for inventory used in the production of each item. The chef will produce recipes, formulas, and operating procedures for each part of the edibles manufacturing process. The edibles chef will solicit input from the dispensary customers, along with recommendations from the president for new product creation.

**Responsibilities** – The edibles chef will ensure that only safely prepared and packaged products are available to customers. The chef will work with contracted quality insurance and laboratory consultants to ensure that each product is produced in a hygienic fashion, and will have sample items tested for mold, bacteria, heavy metals, along with THC and cannaboids. The chef will also observe truth in labeling laws and will provide nutrition content on each item sold. The edibles chef oversees the packaging and labeling staff to ensure compliance with health and safety regulations, as well as establishing nutrient content of all finished products.

**Relationships** – The edibles chef reports to the facility director, and also engages the kitchen staff in necessary tasks and discussions to ensure properly prepared food products.

## **KITCHEN STAFF**

**Roles** – The kitchen staff is responsible for the day to day preparation of marijuana infused products through hygienic means, and adhering to recipes and formulas prepared by the edibles chef. They will cook, package and ensure that the kitchen is properly cleaned to avoid any sort of bacteria entering the cooking process, and that each product is properly inventoried.

**Responsibilities** – The kitchen staff is responsible for receiving and inventorying ingredients into the kitchen, preparing the necessary marijuana infused products for sale, and insuring the kitchen is kept clean and free of anything that could end up in the product. The kitchen staff helps the edibles chef determine inventory levels, helps order cooking and baking byproducts, and tracks utilization of marijuana directed to the kitchen facility for use in the consumable products.

**Relationships** – The kitchen staff works for the edibles chef, and also will interface with vendors as specific products are received. They will also provide reports to the bookkeeper to ensure that all inventory is accounted for and will also work with compliance officials to ensure that both the product and labeling is commercially acceptable.

## **PACKAGING AND LABELING**

**Roles** – The packaging and labeling employees are part time help that come in to measure, weigh, proportion, and vacuum pack the finished product. They weigh out the product into predetermined amounts, and then run it through a vacuum packing machine to ensure no air or contaminants are able to leak in. They will also produce labeling tags to show the batch, expiration date, amount of product, and a batch code to ensure that the facility is able to find any product that may be reported as unfit by the customers. The packaging and labeling staff work with the edibles chef to ensure government compliance with truth in labeling laws.

**Responsibilities** – The packaging and labeling employees are responsible for weighing, measuring and inventorying finished marijuana edible products, and also insuring a proper inventory is input into the seed to sale tracking software. They will attach the final tags to the product, and also note any discrepancies in the weight of the final product compared to the weight of the trimmed plant. They are responsible for insuring that each measured package of marijuana is traceable back to a particular grow, and from what seeds or clones it was produced from. The packaging and labeling staff informs the edibles chef of any necessary ancillary product ordering, and also inspects weighing and measuring tools to ensure the proper amount of ingredients are used in each infused product.

**Relationships** – The packaging and labeling employees report to the edibles chef, and also work with contracted quality assurance vendors, who may be present during packaging to do random sampling and to inspect the final product for compliance with labeling and ingredient content.

## **INTERNAL AUDITOR**

**Roles** – The internal auditor provides a check and balance to the bookkeeper, the harvesting staff, and to the growing facility manager to ensure that all weights, cash, and product are accounted for, and that the reports produced for each are accurate. They will spot check each part of the operation to ensure there is no collusion, and to ensure that all safeguards and reporting mechanisms are functioning properly.

**Responsibilities** – The internal auditor is responsible for checking and cross checking the inventory, cash deposits and receipts, accounts payable and receivable, and insuring that a solid audit trail is available to compliance officials and other professionals engaged by the company.

**Relationships** – The internal auditor responds directly to the president, and also to any outside compliance, accounting and legal teams. The internal auditor has only one boss – the president.

## **DRIVERS**

**Roles** – The drivers are the delivery persons for the company and will transport marijuana to dispensary customers who have requested delivery. They will operate in pairs in cars equipped with GPS tracking devices and will also have cellular phones and mobile radios. They will ensure that the right product is delivered to the correct customer in a safe, compliant and timely fashion.

**Responsibilities** – The drivers are responsible for following the manifest they are given when they go out on delivery runs. They are responsible for the safe keeping of inventory in locked safes in the trunk, and for bagging cash as it is received and providing receipts to customers as they pay for products. The drivers must reconcile their delivery manifest to cash collected each day, and also report on failed or unaccepted deliveries.

**Relationships** – The drivers report to the delivery manager and the president. They obtain their product from the grow facility manager and will also interface with the bookkeeper in dropping off cash, receipts, and daily manifests that will be inputted to ensure inventory accuracy.

## **SECURITY**

**Roles** – The security team is responsible for insuring the safety of the employees, any visitors, and the facilities themselves. They will patrol the grounds, observe through closed circuit cameras, and interface with management to help document any weaknesses found in the system.

**Responsibilities** – The security team is responsible for insuring that inventory is not removed from the premises without documentation, that employees are watched during the day to avoid theft, that cash is collected and drivers maintain different routes to prevent robbery, and interface with management as well as any experts hired by the company to prepare safety procedures.

**Relationships** - The security team reports to the facility manager and to the president of the company as well.

## **MARKETING**

**Roles** - The marketing manager will work to achieve greater market share, make customers aware of our presence and products, and use traditional media and social networks to attract new customers as well as retain current customers.

**Responsibilities** - The marketing manager will create and monitor Facebook, Twitter, and other social network outlets to allow customers to find pricing and delivery times and policies for our products. The marketing manager will also be in charge of the web site and will update it with timely information to inform customers of new strains developed in our facility.

**Relationships** - the marketing manager will report directly to the president of the company.

## **Standard Operating Procedure CPR TRAINING**

### **1. Purpose**

The purpose of this SOP is to provide guidance on CPR Training for all employees of the facility.

### **2. Scope**

The scope of this SOP is for all employees. Training is a requirement for continued employment.

### **3. Prerequisites**

All employees who have passed through their probationary employment phase will be given CPR training. During their original training, they will learn rudimentary first aid, but during their employment other emergency medical training will be offered.

### **4. Responsibilities**

It is the responsibility of the director of human resources to insure all personnel are reminded of their obligation to take CPR training, and to help arrange classes on premises for it.

## ***5. Procedure***

---

The American Heart Association's Heartsaver CPR AED Course has been updated to reflect new science in the 2015 American Heart Association Guidelines Update for CPR and Emergency Cardiovascular Care. This course which is taught regularly at our facility is used to provide CPR and use an AED in a safe, timely, and effective manner.

Heartsaver CPR AED Online is the eLearning portion of the Heartsaver CPR AED blended learning course and is designed to teach students the cognitive information needed for CPR and AED training. The Director of Human Resources assigns passwords to employees for online training. Upon successful completion of both portions of the course, students receive a Heartsaver CPR AED course completion card, valid for two years.

### **After completing this course, employees of the facility will be able to:**

- Describe how high-quality CPR improves survival.
- Explain the concepts of the Chain of Survival.
- Recognize when someone needs CPR.
- Perform high-quality CPR for an adult.
- Describe how to perform CPR with help from others.
- Give effective breaths by using mouth-to-mouth or a mask for all age groups.
- Demonstrate how to use an AED on an adult.
- Perform high-quality CPR for a child.
- Demonstrate how to use an AED on a child.
- Perform high-quality CPR for an infant.
- Describe when and how to help a choking adult or child.
- Demonstrate how to help a choking infant.

## ***6. References***

---

The facility utilizes the information from the American Heart Association's website for construction of our inhouse CPR modules.

## ***7. Reporting***

---

All employees will be given attendance slips to sign, and will be awarded a completion certificate upon successful training in CPR.

# **Standard Operating Procedure HIRING PROCEDURES & STANDARDS**

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance for the hiring procedure for new employees.

## ***2. Scope***

---

The scope of this SOP is for all human resource personnel to understand the hiring process for new employees, pay structure, positions available, etc.

## ***3. Prerequisites***

---

Anyone involved with HR must go through job specific training including personnel file confidentiality, workplace policies, job descriptions, pay rates, etc.

## ***4. Responsibilities***

---

It is the responsibility of the corporate trainer along with the director of human resources to train new hires working in personnel.

## ***5. Procedure***

---

### **Recruiting, Benefits, Hiring, Loss of Personnel**

The facility will properly train all of its employees before they are permitted to work in any operations. Prior to being offered an employment position with the facility, all potential applicants will be required to pass a background check to ensure the potential applicant does not have any criminal felony convictions or have been convicted of the crimes listed in the state's regulations and otherwise is of good moral character. The facility intends to offer competitive wages and salaries, as well as benefits packages that include paid time off and health insurance, to all employees. Exact compensation and benefits plans and packages are in the process of being developed. It is the facility's goal to pay salaries that are, at a minimum, equitable and commensurate with salaries paid for similar work within the labor market. Accordingly, positions will generally be classified and then assigned a salary range that defines a minimum and maximum pay rate. An employee's salary may advance within the salary range as the result of performance reviews, promotions, market conditions and other business considerations. Such increases in pay are considered merit adjustments which are not guaranteed and may vary in timing and degree from employee to employee.

In accordance with State legal requirements, employees will be compensated for hours worked in excess of forty (40) hours per week. Non-exempt employees will be paid one and one-half times their regular rate of pay for hours worked in excess of forty (40) hours in a workweek. Overtime pay is based on actual hours worked. Paid time off for holidays and vacations does not count as "hours worked" for overtime purposes. Any overtime hours worked by a nonexempt employee will be required to be approved in advance by the employee's supervisor. Non-exempt employees are not to work before, beyond or outside their normal working hours without such prior approval. Employees who fail to work scheduled overtime or who work overtime without prior authorization from a supervisor may be subject to disciplinary action, up to and including termination of employment.

Number of Employees—exact number of employees employed by the facility is to be determined upon deployment of operations and the establishment of personnel requirements; the breakdown of these requirements can be seen below within the job description section.

Type of Labor—the team at the facility will comprise skilled, unskilled, and professional workers. The various positions within the organization will call for different laborers with different skill sets. The cultivation manager will need to be very skilled in the cultivation of marijuana, whereas an entry-level cultivation laborer will likely be unskilled and trained to the job requirements and functions.

Pay Structure— The facility will determine this upon deployment of operations and the establishment of personnel requirements. Employee compensation will be competitive with industry standards.

Job Termination—all termination actions will follow standard procedures. Basic steps include:

1. Notify key personnel of job termination
2. Obtain all facility keys, ID badges or other company property
3. Disable/change all terminated key personnel facility security access codes or passwords
4. Notify required authorities of the job termination of the key personnel
5. Notify all remaining staff of the job termination of the key personnel and inform them of the conditions of termination (i.e. employee is no longer allowed on the premise and to notify police or other authorities if said employee returns, etc.)
6. Contact security vendor and monitoring company to notify them of the job termination of key personnel.

- a. Remove terminated key personnel from any notification, contact or call lists.

Job Separation—at times key personnel may decide to part ways on their own accord. In such circumstances there will be some basic steps and procedures to follow in for job separations.

1. Obtain all facility keys, ID badges, or other company property
2. Disable/change all key personnel facility security access codes or passwords
3. Notify required authorities of the job separation of the key personnel
4. Notify all remaining staff of the job separation of the key personnel and inform them of the conditions of separation (i.e. mutual separation and key personnel are always welcome back at the facility under visitor status, employee is no longer allowed on the premise, and to notify police or other authorities if said employee returns, etc.)
5. Contact security vendor and monitoring company to notify them of the job separation of key personnel.

- a. Remove key personnel from any notification, contact or call lists.

Replacement of Key Personnel Position—find and interview a suitable replacement for the position that was vacated. Key personnel positions will need to be filled as soon as possible by management without compromising the quality of potential candidates.

## **6. References**

---

Please refer to the personnel manual found in the human resources office, and the training modules put together for vetting and hiring new personnel.

## **7. Reporting**

---

All new hires must have personnel files, copies of which must be uploaded to our cloud server. All new hires should be placed immediately into the contact list as well.

# **Standard Operating Procedure TRAINING PROTOCOLS & RECORDS**

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance on training for new employees, and documenting the training through handouts, video recordings, and entries into the employee's personnel records for completed modules.

## ***2. Scope***

---

The scope of the SOP is for anyone working at the facility who has undergone and passed the mandatory training along with the mandatory mentoring.

## ***3. Prerequisites***

---

All employees must have gone through the training modules and documentation and be prepared to discuss and be tested on:

- a) Health, safety, and sanitation standards as required by the Department;
- b) Security procedures;
- c) Prohibitions and enforcement as described by state regulation;
- d) Confidentiality and all other provisions of HIPAA and state regulations that apply to the individual's scope of employment.
- e) Training on Commission Statutes and Rules and Other State and Local Laws and Regulations.
- f) Training on Company Standard Operating Procedures.
- g) Training on Detection and Prevention of Diversion of Cannabis.
- h) Training on Security and the Company's Security System.
- i) Training on Hazards and Safety and Emergency Procedures such as a Medical Emergency, Fire, Chemical Spill, Security and a Threatening Event.
- j) Training on Inventory Control and Record Keeping.
- k) Annual training to update and reinforce knowledge in above areas.

#### **4. Responsibilities**

---

It is the responsibility of the corporate trainer to insure all modules necessary for successful employment have been taken by new employees, and the proper documentation including employee signatures on training materials, test or quiz results, and an actual video of the training session must be on file in each hire's personnel file.

#### **5. Procedure**

---

The facility will utilize the operational experience and knowledge from its management employees and corporate trainer to provide extensive training and education for all registered employees. All facility employees will receive extensive training prior to commencing work in any facility. Registered employees will be required to read the relevant state and county law pertaining to marijuana in order to have a general understanding of the laws and regulation with which that they must comply. Training for all cultivation and retail dispensing operations will be provided by our corporate trainer, training will also be provided from selected 3rd party security vendors, BioTrackTHC™ inventory control systems and POS vendors, XXX for manufacturing operations and CO2 extraction machine vendors, and other subject matter experts. Training will include an extensive hands-on approach and the use of Standard Operating Procedures (SOP's) and various other materials and methods as deemed appropriate.

The facility will utilize targeted training materials and programs for different operations. There will be specific training for registered employees involved within cultivation operations, processing/manufacturing operations, and retail dispensing operations. Ongoing and cross-functional training will be continued as operations commence. All registered employees will also be required to receive training on general sanitary requirements. Registered employees will be required to read and agree to comply with the company Employee Handbook, SOP's, and other materials management deems necessary prior to commencing work in any of our facilities. Management will fully prepare facility staff on all aspects of the business before operations are commenced. Training and education will be all-encompassing, covering regulatory compliance, seed-to-sale tracking, point-of-sale training, dispensing, security and diversion prevention, health and safety protocols, sanitation, transportation, also including all cultivation, extraction and manufacturing processes, and organizational functioning within a vertically-integrated operation. Registered employee training will cover but not be limited to the following:

- Standard Operating Procedures (SOP's) and Cultivation Operations SOP's
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the facility's cultivation operations.

- Manufacturing Infused Products (MIP) Operations SOP's
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the facility's manufacturing infused products operations.
- Retail Dispensing Operations SOP's
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the retail dispensing operations.
- Log Sheets and Templates
  - Numerous log sheets and templates for proper record keeping and documentation for all operations including cultivation, MIP, and dispensing.
- Responsible vendor training
- On-site training
- Initial job training
- Job shadowing
- Employee educational information

## ***6. References***

---

Please refer to the training manual which will contain:

1. A new-hire orientation training section - All new employees will go through an orientation training before starting their employment. The training manual will include an orientation section containing a review of all company policies, such as drug-free workplace rules and confidentiality requirements. This phase of training will also include an orientation to the SOP system and how to use it on the job.
2. Laws and Regulations: This section of the training manual will include critical laws and regulations the Company and employees are subject to. Certain of these laws and regulations will also be incorporated into the company's SOPs.
3. SOP training curriculum -The training manual will include a comprehensive copy of the Company's SOPs. The primary training curriculum for processor agents for the performance of their duties will be the SOPs themselves. The SOPs will have an administrative section which will include a signature line for

employees and managers to indicate proficiency. This documentation will go into the employee's files to be available for audit and for inspection by the commission.

4. Detection and prevention of diversion - This section of the training manual will be created with the assistance of our professional security consultant. They will also develop the security plan for the company and will perform training sessions for the employees.

5. Processor Facility Security - This section of the training manual will be created with the assistance of our professional security consultant. They will also develop the security plan for the company and will perform training sessions for the employees.

6. Safety and emergencies - This section of the manual will be created with the assistance of our security consultants, processor consultants and local fire and safety agencies. All employees will be trained on emergency situations and periodic drills will be performed to ensure preparedness.

7. Inventory Control - The training manual will include a section that provides an overview of inventory control. The inventory control system is a third-party software system which will have a comprehensive user manual. This user manual will be retained onsite and will be available for inspection at all times by the commission.

## ***7. Reporting***

---

All training materials and results from any quiz or exam will be placed in the employee's personnel file.

<p style="text-align: center;"><b>Standard Operating Procedure EMPLOYEE TRAINING</b></p>
--

## ***1. Purpose***

---

All employees must undergo and pass a two-week training course prior to active employment and being assigned scheduled hours. Additionally, they must take recurrent training quarterly.

## ***2. Scope***

---

Our employee-training curriculum will provide critical procedures and instruction to employees to ensure all systems are in place to produce cannabis safely. These systems also ensure that every employee understands how to implement these

systems accurately. In addition, there are sanitation, product quality, and quantity accuracy checkpoints to ensure that errors or problems are caught and remedied long before customers receive any product.

### ***3. Prerequisites***

---

All employees will be extensively trained and validation techniques will be utilized for ensuring continued competency. Employees are required to follow all safety signage, regulatory guidance and GMP's to ensure a safe, clean and sustainable working environment.

All Employees will be trained in General Manufacturing Practices such as:

- ServSafe, cGMP's, FDA CFR's, ISO, GFSI, or globally recognized food safety grade standards.
- Quarterly Safety, Best Practices, or Continued education material will be required for all Employees, Management, & Board Members.
- Record Keeping of training records and logs must be accessible onsite for all employees of the past 12 months.

### ***4. Responsibilities***

---

The facility manager and the corporate trainer are responsible for insuring the attendance and requisite test of employee knowledge before allowing them to be placed on the work schedule.

### ***5. Procedure***

---

#### **Training and education**

In addition to the Company's mandatory training on security, standard operating procedures, and other standard requirements, the Company will provide specialized training for each position. The Company commits to setting a high bar for its products, which requires treating and training employees well. Training and education for all personnel will be the cornerstone of the operations success through dedicated programs for employees so they are prepared to consistently operate at the highest industry standards. In addition, the Company will develop policies that support furthering the educational attainment of employees.

#### **Personnel training**

- (a) Manufacturing, packaging, labeling and holding operations must:

(1) Ensure that each person engaged in the operation has the education, training, and experience, or any combination thereof, to enable that person to perform all assigned functions;

(2) Provide personnel with training in the applicable requirements of this part; and

(3) Maintain records of any training provided to personnel for the performance of all assigned functions.

(b) Personnel training should include:

(1) Instructions regarding regulatory inspection preparedness and law-enforcement interactions; and

(2) Information on U.S. federal, state and local laws, regulations, and policies relating to individuals employed in these operations, and the implications of these for such personnel.

All employees will also attend training sessions on the following:

- State regulations.
- Confidentiality, Privacy, and HIPPA.
- Ethics in Healthcare.
- HIPPA and Breach Notification.
- HIPPA Electronic Security.
- Marijuana Strains, Treatments, and Usage.
- The facility's operation manuals.
- Standard Operating Procedures (SOPs and applicable forms)

Employees must also display familiarity with the following:

- Standard Operating Procedures (SOP's) and Cultivation Operations SOP's.
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the facility's cultivation operations.
- Manufacturing Infused Products (MIP) Operations SOP's.
  - Standard Operating Procedures detailing and explaining the various

daily operations, activities, tasks, and responsibilities associated with the facility's manufacturing infused products operations.

- Retail Dispensing Operations SOP's.
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the facility's retail dispensing operations.
- Log Sheets and Templates
  - Numerous log sheets and templates for proper record keeping and documentation for all operations including cultivation, MIP, and dispensing.
- Responsible vendor training.
- On-site training.
- Initial job training.
- Job shadowing.
- Employee educational information

## **6. References**

Please refer to job descriptions and original training material for further understanding of this SOP.

## **7. Reporting**

All training must be documented with attendance taken, a video recording of the actual classroom during training, and a copy of the content presented. The results of any training quizzes or exams must be placed in the employee's personnel file.

# **Standard Operating Procedure SAFETY TRAINING**

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance for the safety training given in the facility for all employees.

## ***2. Scope***

---

The scope of this SOP is for all employees of the facility without exception.

## ***3. Prerequisites***

---

All employees in their initial training go through multiple modules on employee safety, personal protective equipment uses, storage and cleaning, OSHA rules for employers, and other training for specific mechanical and other equipment used in the facility.

## ***4. Responsibilities***

---

Initial safety training is the responsibility of the facility director, the corporate trainer, and all staff mentors. Every employee must have been given the safety training modules and passed the accompanying exam. All employees go through recurrent safety training biannually.

## ***5. Procedure***

---

State and Federal regulations require employers to provide a workplace free from serious recognized hazards and comply with standards, rules and regulations issued under the OSHA Act. In order to accomplish safety training, the facility will do the following:

- Examine workplace conditions to make sure they conform to applicable OSHA standards.
- Make sure employees have and use safe tools and equipment and properly maintain this equipment.
- Use color codes, posters, labels or signs to warn employees of potential hazards.

- Establish or update operating procedures and communicate them so that employees follow safety and health requirements.
- The facility will provide safety training in a language and vocabulary workers can understand.
- Since the facility has hazardous chemicals in the workplace we have developed and implemented a written hazard communication program and we have trained employees on the hazards they are exposed to and proper precautions (along with the relevant of safety data sheets).
- Provide medical examinations and training when required by OSHA standards.
- We have posted, at a prominent location within the workplace, the OSHA poster (or the state-plan equivalent) informing employees of their rights and responsibilities.
- We have posted the nearest OSHA office for all work-related fatalities, and all work-related inpatient hospitalizations, all amputations and all losses of an eye. The toll-free number is: 1-800- 321-OSHA (6742); TTY 1-877-889-5627.
- Keep records of work-related injuries and illnesses.
- Provide employees, former employees and their representative's access to the Log of Work-Related Injuries and Illnesses (OSHA Form 300).
- Provide access to employee medical records and exposure records to employees or their authorized representatives.
- Provide to the OSHA compliance officer the names of authorized employee representatives who may be asked to accompany the compliance officer during an inspection.
- The facility will never discriminate against employees who exercise their rights under the Act.

## ***6. References***

---

The facility models its safety requirements under OSHA best practices, please refer to their web site for further information.

## ***7. Reporting***

---

All safety training must be documented through video recording, and having employees sign a log sheet for each class attended.

# NEW ENGLAND CANNABIS CORPORATION, INC. - DIVERSITY PLAN

---

## CORPORATE VISION - DIVERSITY

New England Cannabis Corporation, Inc. (“NECC” or the Company) will seek to create a thoughtful and forward-facing organization that attracts, implements, maintains and leverages all that diversity in our staff can provide; and to specifically promote equity among minorities; women; veterans; people with disabilities; and people of all gender identities and sexual orientations (collectively, “Diverse Workforce”).

---

## GOALS

NECC’s ongoing goals, in addressing and maintaining diversity and promoting and encouraging broad participation by our Diverse Workforce, include:

- Employ a company team that is consistent and reflective of the those included in our Diverse Workforce, with 75% of all team members coming from the Diverse Workforce.
- Implement training programs to assist the Diverse Workforce in achieving promotions.
- Promote job availability to make open positions easily found by jobseekers within the Diverse Workforce.
- Identify, hire, train and develop properly skilled team members.
- Provide an inclusive work environment, respected by all team members.
- Consistently measure workforce motivation and morale to ensure that our diversity efforts are meaningful and successful.
- Regularly measure the Company’s efforts to maintain a diverse and safe workplace environment.
- Encourage members of our Diverse Workforce to always work to improve our efforts.

## PROGRAMS

The Company will work to provide programs to promote equity for the Diverse Workforce and include them in the operations of our Marijuana Establishment. Our programmatic efforts include:

- Our **DIVERSE WORKFORCE HIRE PROGRAM** will ensure that our hiring practices are focused on preferring workers from Walpole and Mansfield (as is consistent with our efforts to positively impact areas of disproportionate impact), and workers from under represented communities who make up our Diverse Workforce. To this end, we will host job fairs where our Diverse Workforce participants are most likely to participate, to hire our initial employees. We will then host job fairs from time-to-time as our hiring needs require. Additionally, we will post our hiring opportunities with non-profit, neighborhood and community organizations, and other appropriate social equity outlets in an effort to reach and promote equity among minorities; women; veterans; people with disabilities; and people of all gender identities and sexual orientations. We will also establish an employee referral program in the hope that members of our Diverse Workforce will recruit new employees from their communities.

## NEW ENGLAND CANNABIS CORPORATION, INC. - DIVERSITY PLAN

- Our **EMPLOYEE TRAINING, MENTOR AND PROMOTION PROGRAM** will help (1) advance employee growth by providing on-the-job next-level training targeted on helping employees gain the new skillsets needed to advance to new roles that provide greater responsibilities; (2) provide mentor matches with other employees and management to support employee efforts and advancement; and (3) generate ongoing feedback from our Diverse Workforce to constantly measure the effectiveness of our efforts. Advancement training will be ongoing. New skills development training will be formal quarterly training. Management trainee program training will be twice yearly with ongoing mentorship during the year for management trainees.
- Our **EMPLOYEE APPRECIATION PROGRAM** will focus on acknowledging employee successes, accomplishments, achievements, contributions, milestones and service (to the Company and the community). This program will also facilitate networking events and programs such as after-work mixes, work-day lunch programs and team support programs.
- Our **COMMUNITY ENGAGEMENT PROGRAM** will serve to work with and support the efforts of community groups in our immediate vicinity, our county, and appropriate state agencies. We will establish a Community Engagement Committee that will (1) identify these community and state organizations and agencies, (2) structure a working relationship (3) set goals and objectives as to how we can add real, ongoing value to help the community groups thrive, and (4) establish specific metrics to measure our impact on a quarterly and annual basis.

---

### MEASUREMENTS

In measuring the success of our diversity programs, quarterly and annually, we will initiate and utilize a **DIVERSE WORKFORCE HIRE COMMITTEE** to:

- Ensure that minorities; women; veterans; people with disabilities; and people of all gender identities and sexual orientations are being hired, advanced and retained; and that 75% of all team members come from the Diverse Workforce.
- Measure the amount and level of promotions from within the Diverse Workforce.
- Measure and monitor the equity of the Diverse Workforce payroll.
- Measure the number of employee new hire referrals.
- Ensure high participation in training programs.
- Provide employee surveys twice annually and collect feedback data to measure employee feelings and perceptions about the diversity within the Company and the attitudes towards the safety and diversity of their workplace environment.
- To make recommendations to improve the Company's diversity programs based on feedback from the Diverse Workforce.

## NEW ENGLAND CANNABIS CORPORATION, INC. - DIVERSITY PLAN

---

### ACKNOWLEDGEMENT

The Company affirmatively states the following:

1. We acknowledge and are 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.

# Standard Operating Procedure QUALITY CONTROL

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance on quality control over the products grown and produced in the facility.

## ***2. Scope***

---

The scope of this SOP is for all employees throughout the facility.

## ***3. Prerequisites***

---

The initial training provided for new employees includes best practices in all parts of the operation. Employees must pass the quality control module in order to continue working at the facility.

## ***4. Responsibilities***

---

It is the responsibility of each department to ensure that they have quality control protocols and standards in place.

## ***5. Procedure***

---

We will utilize an outside third-party lab for testing.

In house the SOP's for quality control and testing include:

- All processing shall be in a safe and sanitary manner. We shall process the leaves and flowers of the female marijuana plant only, which shall be (a) well cured and generally free of seeds and stems; (b) free of dirt, sand, debris, and other foreign matter; (c) free of contamination by mold, rot, other fungus, and bacterial diseases; (d) prepared and handled on food-grade stainless steel tables; and (e) packaged in a secure area.

We shall comply with the following sanitary requirements:

- Any marijuana establishment agent whose job includes contact with marijuana or nonedible marijuana products, including cultivation, production, or packaging, is subject to the requirements for food handlers specified in 105 CMR 300.000: Reportable Diseases, Surveillance, and Isolation and Quarantine

#### Requirements.

- Any marijuana establishment agent working in direct contact with preparation of marijuana or nonedible marijuana products shall conform to sanitary practices while on duty, including: a. Maintaining adequate personal cleanliness; and b. Washing hands thoroughly in an adequate hand-washing area before starting work, and at any other time when hands may have become soiled or contaminated.
- Hand-washing facilities shall be adequate and convenient and shall be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the Marijuana Establishment in production areas and where good sanitary practices require employees to wash and sanitize their hands, and shall provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices.
- There shall be sufficient space for placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations.
- Litter and waste shall be properly removed, disposed of so as to minimize the development of odor and minimize the potential for the waste attracting and harboring pests. The operating systems for waste disposal shall be maintained in an adequate manner pursuant to 935 CMR 500.105(12).
- Floors, walls, and ceilings shall be constructed in such a manner that they may be adequately kept clean and in good repair.
- All contact surfaces, including utensils and equipment, shall be maintained in a clean and sanitary condition. Such surfaces shall be cleaned and sanitized as frequently as necessary to protect against contamination, using a sanitizing agent registered by the US Environmental Protection Agency (EPA), in accordance with labeled instructions. Equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable.
- Plumbing shall be of adequate size and design, and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the Marijuana Establishment. Plumbing shall properly convey sewage and liquid disposable waste from the Marijuana Establishment. There shall be no cross-connections between the potable and waste water lines.
- A Marijuana Establishment shall provide its employees with adequate, readily accessible toilet facilities that are maintained in a sanitary condition and in good repair.
- Storage and transportation of finished products shall be under conditions that will protect them against physical, chemical, and microbial contamination as well as against deterioration of finished products or their containers.
- We shall have a written policy for responding to laboratory results that indicate contaminant levels are above acceptable limits established in the DPH protocols identified in 935 CMR 500.160(1). Any such policy shall include notifying the Commission within 72 hours of any laboratory testing results indicating that the contamination cannot be remediated and disposing of the production batch. The notification must be from both the Marijuana Establishment and the Independent Testing Laboratory, separately and directly. The notification from the Marijuana Establishment must describe a proposed plan of action for both the destruction of the contaminated product and the assessment of the source of contamination.

- All nutrients will be examined for contents & potential contaminants.
- Only biological pesticides will be applied.
- Filtered water will be used to prevent contamination.
- All workers will walk through a ceiling blower to remove potential contaminants before entering facility.
- Workers will walk through a special container of a water/chlorine mix to kill shoe borne contaminants.
- Application of gamma irradiation equipment to kill 99% of all micro-organisms.
- All testing performed subject to the Cannabis Inflorescence and Leaf monograph (American Herbal Pharmacopoeia)
- standards.
- Limit tests will include foreign organic matter, total ash, & acid-insoluble ash.
- All external testing done by state approved labs.
- All crops batch tested for pests, contaminants, mold and potency.
- Soil testing before use for contaminants and pests.
- Determination of sample size for internal and external testing.
- Calculation of the acceptable range utilizing ISO Guide 34:2009.
- Written procedure for responding to contaminated samples.
- Additional batch sampled uniquely bar coded for further sampling.
- All testing documentation retained for five years
- Procedures in place for stability testing to determine shelf life for MIPS
- Random sampling of finished products currently for sale
- All nutrients and additives shelf life recorded and reviewed
- Expiration dates in large font on labels.

Quality control measures will primarily be in the form of adherence to the written standard operating procedures along with specific testing of the product in order to ensure quality and consistency of products produced within the facility. The facility will utilize the established and proven SOP's for all cultivation and processing operations. The facility will use standard operating procedures (SOP's) to promote good growing and handling practices including:

All aspects of the:

- Irrigation, propagation, cultivation, fertilization; harvesting, drying, curing;
- Rework or reprocessing;
- Packaging, labeling, and handling of marijuana products, byproduct; and waste products, and the control thereof, to promote good growing and handling practices.
- The facility will require that each individual engaged in the cultivation, manufacturing, handling, packaging, and testing of marijuana has received the training, education, or experience necessary to perform assigned functions; and
- Will also require that all registered employees practice good hygiene and wear protective clothing as necessary to protect the product as well as themselves

from exposure to potential contaminants.

- The facility will require grower agents to follow the protocol for Receipt of Material including:
- The facility shall quarantine received material that will be used to produce marijuana and/or manufactured marijuana products;
- The facility shall inspect materials for defects and contamination.
- Material may not be released from quarantine by the facility until the material passes inspection; and
- Is determined to be acceptable for use as intended

## ***6. References***

---

Please refer to inspection SOP's for further information about quality control.

## ***7. Reporting***

---

All quality control reports are stored in the seed to sale tracking software, where they are categorized by department. The software has the ability to generate custom reports to determine if there is an issue with product shelf life, production techniques, or other quality control issues.

<p style="text-align: center;"><b>Standard Operating Procedure TESTS ON FORMULATED PRODUCT</b></p>
--

### ***1. Purpose***

---

The purpose of this SOP is to provide guidance on testing finished product before releasing it for public consumption.

### ***2. Scope***

---

The scope of this SOP is for all employees involved in quality control and creating formulated (infused) products.

### ***3. Prerequisites***

---

All product that is finished in our facility is tested at a licensed laboratory, who provide a detailed analysis of the product, its ingredients, and its strength. All employee who work in quality control must be capable of reading a laboratory report and understanding the specific tolerances allowed by the state.

#### ***4. Responsibilities***

---

It is the responsibility of the quality control director to insure all employees under their direct supervision understand how the facility provides samples to the independent lab for testing, as well how infused products is tested internally. Additionally, the quality control director must insure that cannabis infused products are quarantined separately from other inventory during testing.

#### ***5. Procedure***

---

All formulated product is entered into a testing log before it is provided to the laboratory. After curing and before any processing or packaging, the processing manager will make samples from each batch available to an independent laboratory for testing. The sample will be weighed, RFID scanned, and all data will be recorded on the seed to sale tracking software prior to be removed from the secured curing area. The laboratory employee will select and prepare several random samples from every batch sample in order to ensure the quality, purity, and consistency of dose through a statistical approach. The laboratory staff will then test each random sample for harmful microbiological contaminants, mycotoxins, heavy metals and pesticide chemical residue. In addition, each sample will also be tested for active ingredients including but not limited to cannabinoid profiling for the following: THC, THCa, CBD, CBDa, and CBN. Under no circumstances shall cannabis batches awaiting contamination results and active ingredient analysis be included in a cannabis product or sold to a retail dispensary facility prior to the time that the laboratory has provided those results, in writing, to the dispensary. If samples from a batch are tested and do not fall within state accepted health and safety levels for any of the above-mentioned contaminants or any additional contaminants the state does not deem for distribution, it is the facility's policy to destroy and remove any contaminated product in a manner consistent with state compliance for the policy for disposal of green waste. As soon as a batch sample passes the microbiological, mycotoxin, heavy metal and pesticide chemical residue test, the entire batch will be released for immediate manufacturing, packaging and labeling for transport and sale to a dispensary facility. An electronic copy of all test results will be filed by laboratory staff for any batch that does not meet the standards set for microbiological, mycotoxin, heavy metal or pesticide chemical residue tests. The laboratory staff will also maintain a comprehensive record of test results and make them available to state and local officials, and or the public, as needed. The compliance manager will provide test results for each batch of cannabis used in any product purchased by a dispensary to that dispensary to be made available upon request.

## **6. References**

---

The independent testing lab we work with provides us guidelines for sample preparation that conforms to the state's regulations. The quality control manager maintains their source documents for preparing samples, along with the requisite forms that must accompany all samples. In the event of a question, the resource documents provided by the lab are helpful, and they also provide a toll-free number for questions.

## **7. Reporting**

---

The quality control manager receives all lab reports for all samples sent out for testing. All lab reports are scanned and uploaded to our seed to sale tracking software, and all lab reports are also stored in a locked file cabinet in the facility manager's office.

<p style="text-align: center;"><b>Standard Operating Procedure TESTS ON HARVESTED FLOWER</b></p>
--

### **1. Purpose**

---

The purpose of this SOP is to provide guidance on testing harvested flower before releasing it for public consumption.

### **2. Scope**

---

The scope of this SOP is for all employees involved in quality control and preparing samples for testing.

### **3. Prerequisites**

---

All product that is grown in our facility is tested at a licensed laboratory, who provide a detailed analysis of the product and its strength. All employee who work in quality control must be capable of reading a laboratory report and understanding the specific tolerances allowed by the state.

#### ***4. Responsibilities***

---

It is the responsibility of the quality control director to insure all employees under their direct supervision understand how the facility provides samples to the independent lab for testing, as well how raw flower is tested internally.

#### ***5. Procedure***

---

##### **Testing**

After curing and before any processing or packaging, the processing manager shall make samples from each batch available to an independent laboratory for testing. The sample shall be weighed, RFID scanned, and all data shall be recorded on the seed to sale tracking software prior to be removed from the secured curing area. The laboratory employee will select and prepare several random samples from every batch sample in order to ensure the quality, purity, and consistency of dose through a statistical approach. The laboratory staff will then test each random sample for harmful microbiological contaminants, mycotoxins, heavy metals and pesticide chemical residue. In addition, each sample will also be tested for active ingredients including but not limited to cannabinoid profiling for the following: THC, THCa, CBD, CBDa, and CBN. Under no circumstances shall cannabis batches awaiting contamination results and active ingredient analysis be included in a cannabis product or sold to a retail dispensary facility prior to the time that the laboratory has provided those results, in writing, to the cultivation management team. If samples from a batch are tested and do not fall within state accepted health and safety levels for any of the above-mentioned contaminants or any additional contaminants the state does not deem for distribution, it is the facility's policy to destroy and remove any contaminated product in a manner consistent with state compliance for the policy for disposal of green waste. As soon as a batch sample passes the microbiological, mycotoxin, heavy metal and pesticide chemical residue test, the entire batch will be released for immediate manufacturing, packaging and labeling for transport and sale to a dispensary facility.

An electronic copy of all test results will be filed by laboratory staff for any batch that does not meet the standards set for microbiological, mycotoxin, heavy metal or pesticide chemical residue tests. The laboratory staff will also maintain a comprehensive record of test results and make them available to state and local officials, and or the public, as needed. The compliance manager will provide test results for each batch of cannabis used in any product purchased by a dispensary facility to that dispensary facility to be made available upon request.

#### ***6. References***

---

The independent testing lab we work with provides us guidelines for sample preparation that conforms to the state's regulations. The quality control manager maintains their source documents for preparing samples, along with the requisite

forms that must accompany all samples. In the event of a question, the resource documents provided by the lab are helpful, and they also provide a toll-free number for questions.

## ***7. Reporting***

---

The quality control manager receives all lab reports for all samples sent out for testing. All lab reports are scanned and uploaded to our seed to sale tracking software, and all lab reports are also stored in a locked file cabinet in the facility manager's office.

# **Standard Operating Procedure STABILITY TESTING**

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance on stability testing products that have been released to the public.

## ***2. Scope***

---

The intended audience for this SOP is all employees involved in inventory processing, quality control, and retail sales.

## ***3. Prerequisites***

---

In order to perform stability testing at both pre-determined and random times, the batch from which the edibles or infused foods are created will be sampled, and stored in an air-tight, temperature-controlled vault. Employees must know how to remove a portion of the batch in process to create a reserve for stability testing and must understand how we prepare samples for lab testing, and how to interpret the results.

## ***4. Responsibilities***

---

The director of quality control is primarily responsible for stability testing, the preparation of samples, and interpreting the lab results. If there is an issue, the director of quality control must immediately provide the results and recommendations to the facility director in order to insure customer safety.

## **5. Procedure**

---

The director of quality control will separate a part of each batch of infused or edible product sufficient to perform stability testing at 6-month intervals. This is done for two reasons:

1. To ensure product potency and purity
2. Provide support for expiration dating

The director will insure that a sufficient amount of product is kept and properly stored, which will usually require an adequate amount (~7-14 grams) of each released batch of marijuana in order to achieve this frequency of testing. See preparation of samples instructions noted in previous content.

Sample Storage - The facility will retain a sample from each batch released. The sample will be sufficient enough to provide for follow-up testing if necessary and the sample will need to be properly stored for a minimum of one (1) year past the date of expiration of the batch.

Samples from each batch released to be retained for a long period of time will be vacuum-sealed to limit oxygen exposure to the marijuana as oxygen will degrade the sample quicker. Possible contamination will be tracked through the use of a Hazard Analysis Critical Control Point (HACCP) Plan. Critical control points will be identified, monitored and preventative procedures recorded throughout the production of marijuana products.

Certain shelf stability testing will be conducted on site. Shelf stability is the time that a product will retain throughout its period of storage and use, the same properties and characteristics that is possessed at the time of its packaging. Products and recipes will be tested and approved before production begins.

Shelf stability testing will cover the four areas of concern:

1. Chemical: The product retains its chemical integrity and potency, within specified limits.
2. Physical: The original physical properties, including appearance, palatability, odor, and wholesomeness are retained.
3. Microbiological: Resistance to microbial growth and product safety is retained according to specified requirements overall bacterial growth is maintained within acceptable levels.
4. Toxicological: No significant increase in toxicity occurs.

## **6. References**

---

The director of quality control keeps a detailed sampling plan in her office, along with the proper reporting forms, labeling materials, and RFID tags.

## **7. Reporting**

---

All stability reporting is uploaded to our seed to sale tracking software database where reporting about batches and infused products are maintained.

<p style="text-align: center;"><b>Standard Operating Procedure</b> <b>TESTING</b> <b>(heavy metals, pesticides, mold, microbial testing, moisture content)</b></p>
--

### **1. Purpose**

---

After curing and before any processing or packaging, the processing manager shall provide samples from each batch available to an independent laboratory for testing. The purpose of this SOP is to provide guidance in preparing the sample and an overview of the lab procedures itself.

### **2. Scope**

---

The scope of this SOP is for any employee working in the cultivation facility who provides testing samples to our outside vendor.

### **3. Prerequisites**

---

After curing and before any processing or packaging, the processing manager shall make samples from each batch available to an independent laboratory for testing. The sample shall be weighed, RFID scanned, and all data shall be recorded on the seed to sale software prior to being removed from the secured curing area. The laboratory employee will select and prepare several random samples from every batch sample in order to ensure the quality, purity, and consistency of dose through a statistical approach.

### **4. Responsibilities**

---

It is the responsibility of the employee preparing batches for testing to insure there are sufficient remains for future testing, and the employee will work with the intentent lab to insure random samples from each grown batch are tested without interference from the facility.

## ***5. Procedure***

---

The sample shall be weighed, RFID scanned, and all data shall be recorded on the seed to sale software prior to being removed from the secured curing area. The laboratory employee will select and prepare several random samples from every batch sample in order to ensure the quality, purity, and consistency of dose through a statistical approach. The laboratory staff will then test each random sample for harmful microbiological contaminants, mycotoxins, heavy metals and pesticide chemical residue. In addition, each sample will also be tested for active ingredients including but not limited to cannabinoid profiling for the following: THC, THCa, CBD, CBDa, and CBN. Under no circumstances shall cannabis batches awaiting contamination results and active ingredient analysis be included in a cannabis product or sold to a retail dispensary.

If samples from a batch are tested and do not fall within state accepted health and safety levels for any of the above-mentioned contaminants or any additional contaminants the state does not deem for distribution, it is the facility's policy to destroy and remove any contaminated product in a manner consistent with state compliance for the policy for disposal of green waste.

As soon as a batch sample passes the microbiological, mycotoxin, heavy metal and pesticide chemical residue test, the entire batch will be released for immediate manufacturing, packaging and labeling for transport and sale to a dispensary facility. An electronic copy of all test results will be filed by laboratory staff for any batch that does not meet the standards set for microbiological, mycotoxin, heavy metal or pesticide chemical residue tests. The laboratory staff will also maintain a comprehensive record of test results and make them available to state and local officials, and or the public, as needed. The compliance manager will provide test results for each batch of cannabis used in any product purchased by a dispensary facility to that dispensary facility to be made available upon request.

## ***6. References***

---

Please review the independent lab's testing guide for providing samples which is found in the cultivation director's office.

## ***7. Reporting***

---

All lab reports are provided to the cultivation director and are uploaded to the cloud server. They are also placed in a testing log, and the information is also entered into the seed to sale software system.

## **Standard Operating Procedure WATER SUPPLY AND TESTING PROTOCOLS**

### ***1. Purpose***

---

The purpose of this SOP is to provide testing guidelines and other methods of insuring a safe water supply for the facility.

### ***2. Scope***

---

The scope of this SOP is for any employee working in the cultivation facility responsible for performing water quality tests.

### ***3. Prerequisites***

---

All water quality tests will require two samples – one for our internal testing, and another to be sent to the quality control lab. All water test results will be added to the water test log book.

### ***4. Responsibilities***

---

It is the responsibility of the facility director to insure water is tested at proper intervals both through our own internal control and our outside lab as well.

### ***5. Procedure***

---

**Water Quality Test(s)**—The facility will perform water quality tests on facility water every six (6) months at a minimum. A water sample from the cultivation facility will be sent to a water testing laboratory where an analysis of the water will be performed to determine what, if any, substances are in the water. A record of all water quality tests will be maintained on-site at the licensed premise within a file labeled “Water Quality Tests”.

**Reverse Osmosis of Water (RO System)**—all water utilized for cultivation operations will be run through a state-of-the-art Reverse Osmosis (RO) water filtration system to ensure all contaminants have been removed from the water. The RO system will be designed according to the water quality test that will be performed at the facility as well as the RO system being designed to be able to adequately purify and supply the proper amounts of water for daily operations

As growers of cannabis, the facility carefully monitors total dissolved solids (TDS) which is the amount of solids dissolved in the water or any other solution that can't be removed with a standard filter. Electrical Conductivity (EC) is the measure of a solution's ability to conduct an electrical current. TDS/EC meters have two electrodes that, when placed in the water or nutrient solution, pass AC voltage between them. The amount of current that passes through the solution indicates the conductivity of the solution. The meter reads this current and converts it to a display that will allow you to either read the EC or TDS (parts per million, ppm) of the water or solution.

By determining the baseline TDS of our fresh water, we can later determine the strength of the nutrient solution we are going to mix. For example, if the tap water starts with a TDS of 600 ppm, and the fertilizer of choice suggests a dosage strength of 1200 ppm, we will know that the total TDS should come out to 1800 ppm. If we didn't know the baseline, we might stop at a TDS of 1200 ppm and, by doing so, give our marijuana plants only half of the required nutrients.

The pH (potential of Hydrogen) of our water or any other solution is the measure of its acid or alkali levels. When a solution has equal levels of acid and alkali molecules, then the solution is pH neutral. The pH scale runs from 0.0 to 14.0 where 7.0 is neutral, less than 7.0 is acidic, and levels above 7.0 are alkaline or base/basic solutions. Depending on the growing medium used, we want to stay in the slightly acidic range of 5.5 to 6.5. To keep our growing medium and root zone at the correct pH, you need to keep the water or nutrient solution you are using at the correct pH. Contaminants in the water — whether naturally occurring, added by your municipal water supplier, or added when you mix in nutrients and fertilizers — will all affect the pH and may need to be corrected.

## ***6. References***

---

Please refer to the filter changing SOP for removing, cleaning and inserting a new filter into the RO system.

## ***7. Reporting***

---

All filter changes, cleaning, and lab reports must be inserted into the Water Quality Testing Notebook, with copies provided to the facility director and upper management.

# Standard Operating Procedure PESTICIDE TESTING

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance for pesticide testing of all batches that are sent to an outside lab before being released to the public.

## ***2. Scope***

---

The scope of this SOP is for any employee involved in working with our independent testing lab in helping them to select, batch and label cannabis samples for pesticide and other testing.

## ***3. Prerequisites***

---

Pesticide applicators/registered employees will undergo required courses and testing to be certified by the state and will also be responsible recertification every 3 years. All pesticides applied will be approved by the FDA's National Organic Program and will be approved on the National List of allowed and prohibited pesticides and OMRI approved.

## ***4. Responsibilities***

---

The director of the facility is tasked with implementing the IPM system and monitoring the use of pesticides. All batch results for pesticides will be emailed to the production facility director.

## ***5. Procedure***

---

### *Pesticide Application Documentation*

Any facility that applies any pesticide or other agricultural chemical to any portion of a plant, water or feed used during cultivation or generally within the Licensed Premises must document, and maintain a record on its Licensed Premises of, the following information per state regulations:

(a) Application Log.

(i) The name, signature and Occupational License number of the individual who applied the Pesticide or other agricultural chemical;

(ii) Applicator certification number if the applicator is licensed through the Department of Agriculture in accordance with the "Pesticides Applicators' Act".

(iii) The date and time of the application;

(iv) The EPA registration number of the Pesticide of any other agricultural chemical(s) applied;

(v) Any of the active ingredients of the Pesticide or other agricultural chemical(s) applied;

(vi) Brand name and product name of the Pesticide or other agricultural chemical(s) applied;

(vii) The restricted entry interval from the product label of any Pesticide or other agricultural chemical(s) applied;

(viii) The RFID tag number of the Retail Marijuana plant(s) to which the Pesticide or other agricultural chemical(s) were applied, or, if the Pesticide or other agricultural chemical(s) were applied to all plants throughout the Licensed Premises, a statement to that effect; and

(ix) The total amount of each Pesticide or other agricultural chemical applied.

(b) Application Summary Log.

(i) The name of the individual who applied the Pesticide or other agricultural chemical;

(ii) The date and time of the application;

(iii) Brand name and product name of the Pesticide or other agricultural chemical(s) applied;

(iv) The restricted entry interval from the product label of any Pesticide or another agricultural chemical(s) applied;

(v) The Restricted Access Interval (REI);

(vi) The expiration time of the REI; and

(vii) The area to which the Pesticide or other agricultural chemical(s) were applied, or, if the Pesticide or other agricultural chemical(s) were applied to all plants throughout the Licensed Premises, a statement to that effect.

As soon as a batch sample passes the microbiological, mycotoxin, heavy metal and pesticide chemical residue test, the entire batch will be released for immediate processing manufacturing, packaging and labeling for transport and sale to a manufactured cannabis products facility or a dispensary facility. In order to comply with state regulations, all pesticides

regulated by the U.S. Environmental Protection Agency cannot have a concentration greater than 1.0 ppm.

## ***6. References***

---

Please refer to the literature supplied by our independent testing lab for pesticide and other levels monitored and tested for.

## ***7. Reporting***

---

All pesticide testing is performed by an outside laboratory and their results are both emailed and snail mailed to the facility, where they are stored in the seed to sale database.

## **Standard Operating Procedure MAINTAINING OF FINANCIAL RECORDS**

### ***1. Purpose***

---

The purpose of this SOP is to provide guidance on the facility's maintaining of financial records policy, including where and how it is stored.

### ***2. Scope***

---

The scope of this SOP is for all employees who provide back office support and are responsible for the records maintained by the facility.

### ***3. Prerequisites***

---

The prerequisites for reaching the security level where employees have access to the database, passwords, and physical hard copy includes original training and specialty training in back room procedures, record databases, and protocols for record retention/destruction. The facility director will maintain a list of all employees with access to the ability to purge records from the software system, and also who may designate records to be physically shredded.

### ***4. Responsibilities***

---

Only senior level employees may actually destroy records, and only upon clearance with the facility director, who will provide time frames for record destruction based on outside counsel's interpretation of the regulations.

### ***5. Procedure***

---

Records of a Marijuana Establishment must be available for inspection by the Commission, upon request. The records of a Marijuana Establishment shall be maintained in accordance with generally accepted accounting principles. Written records that are required and are subject to inspection include, but are not necessarily limited to, all records required in any section of 935 CMR 500.000, including:

- Manual or computerized records of: 1. Assets and liabilities; 2. Monetary transactions; 3. Books of accounts, which shall include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers; 4. Sales records including the quantity, form, and cost of marijuana products; and 5. Salary and wages paid to each employee, stipend paid to each board member,

and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with a Marijuana Establishment, including members of the nonprofit corporation, if any.

Operational Requirements for Retail Sale include:

- We are prohibited from utilizing software or other methods to manipulate or alter sales data.
- We shall conduct a monthly analysis of equipment and sales data to determine that no software has been installed that could be utilized to manipulate or alter sales data and that no other methodology has been employed to manipulate or alter sales data. We shall maintain records that we have performed the monthly analysis and produce it upon request to the Commission. If we determine that software has been installed for the purpose of manipulation or alteration of sales data or other methods have been utilized to manipulate or alter sales data: 1. We shall immediately disclose the information to the Commission; 2. We shall cooperate with the Commission in any investigation regarding manipulation or alteration of sales data; and 3. We shall take such other action directed by the Commission to comply with 935 CMR 500.105.
- We shall comply with 830 CMR 62C.25.1: Record Retention and DOR Directive 16-1 regarding recordkeeping requirements.
- We shall adopt separate accounting practices at the point-of-sale for marijuana and marijuana product sales, and non-marijuana sales.
- We shall maintain and provide to the Commission on a biannual basis accurate sales data collected by the licensee during the six months immediately preceding this application for the purpose of ensuring an adequate supply of marijuana and marijuana products under 935 CMR 500.140(10).

#### Records and Documents Storage Retention

Unless otherwise specified, the facility will retain and maintain all financial records and duplicate sets of records for a minimum of six (6) years.

#### Duplicate Records and Off-Site Storage

The facility will maintain duplicate sets of all financial records required by regulation. These duplicate copies of the facility's financial records will be maintained at a secure, off-site location. This location will only be disclosed to personnel with proper security clearance. The off-site financial record storage will be secured with a security alarm and surveillance system to ensure access is limited to authorized personnel only. The facility will maintain duplicate copies of all records at a secure storage facility within the state.

#### Financial Record retention

The facility shall retain for a minimum of six years all financial records including income, expenses, bank deposits and withdrawals, and audit reports.

## ***6. Reporting***

---

Any and all changes to the record retention policy must be vetted by the facility director. If the policy is changed, a copy is circulated to all employees through our email listserv.

## **POSITIONS AND QUALIFICATIONS**

### **Operational Requirements – Agent Training**

We shall ensure that all marijuana establishment agents complete training prior to performing job functions. Training shall be tailored to the roles and responsibilities of the job function of each marijuana establishment agent, and at a minimum must include a Responsible Vendor Program under 935 CMR 500.105(2)(b). At a minimum, staff shall receive eight hours of on-going training annually.

### **Position Roles and Responsibilities**

#### **PRESIDENT**

**Roles** - Develops the organization's vision, creates and implements policies, manages strategy development and monitors financials and actual production.

**Responsibilities** - The president is responsible for the overall performance of the company. (S)He monitors revenue and expenses, insuring that resources are efficiently used, and is responsible for signing contracts with vendors and outside parties. The President hires high level staff and provides feedback on their performance. The president is responsible for strategy development, performance management, and public relations as well. Additionally, the president accepts fiscal responsibility and bottom line accountability for the company.

**Relationships** - The President sits at the top of the organizational hierarchy and has the directors of mission critical sections reporting to him or her. The President is responsible for the hierarchy to work as smoothly as possible all the way down the chain of command. The president reports to the board of directors of the company.

#### **GROWING FACILITY MANAGER**

**Roles** – The growing facility manager is responsible for the overall operation of the cultivation center. He or she ensures that the plants are tended to, organic only nutrients are applied, quality assurance is tested both on the soil and the finished product, the mechanical infrastructure is maintained, and kept up to both legal and operational standards.

**Responsibilities** – The growing facility manager is responsible for the marijuana from seed to the final harvest, and all steps in between. It is the growing facility manager's responsibility to ensure that all finished product, including inventory that is produced for the edibles department is of the highest quality, safe for consumers, and efficiently grown. He or she must ensure a safe, clean environment for the plants, monitor their growth, and work toward production goals established in coordination with the president. Additionally, the growing facility manager works with all employees below him or her on the organizational chart, and besides insuring product quality, establishes and monitors protocols for the protection of product from theft by tracking the marijuana on a software system from "seed-to-sale".

**Relationships** – The growing facility manager reports to the president and works with grow house employees throughout the facility. He or she is constantly visible, and each employee on the organizational chart has direct access to him or her for concerns, issues, or questions about any part of the growth cycle.

## **DELIVERY MANAGER**

**Role** – The delivery manager is responsible for insuring safe and accurate delivery of marijuana products to dispensary customers. The delivery manager controls drivers' manifests, ensures that the proper product is recorded before it leaves the cultivation and processing facility, and accounts for the receipts from the drivers' return manifest. The delivery manager ensures that vehicles are safe, that the GPS system is always operational, and that two different forms of communication are checked daily.

**Responsibilities** – The delivery manager ensures that the product being delivered from the cultivation center matches the inventory order, logs the inventory going to the dispensary to the delivery manifest, balances cash and product at the end of the day, and ensures that drivers are providing timely service to dispensary customers while maintaining strict safety measures in compliance with all State and local laws and ordinances.

**Relationships** – The delivery manager has the dispensary customers, drivers and security as his or her direct employees, and reports to the President.

## **MECHANIC**

**Role** – The mechanic ensures that the infrastructure of the cultivation and processing facility is working properly, and is responsible for lighting, air conditioning, security systems, and the general hardware associated with the property. The mechanic will call in specialists after diagnosing specific equipment failures that he or she is not able to repair and will monitor systems to ensure that regular maintenance is performed.

**Responsibilities** – The mechanic is responsible for infrastructure mechanical devices, and ensures the proper maintenance and upkeep is performed on equipment. The mechanic will perform maintenance tasks such as moving lighting, replacing capacitors and igniters in ballasts, and insuring that locking mechanisms are working effectively. The mechanic works with the growing facility staff to help flush the watering and nutrient delivery system on a regular basis.

**Relationships** – The mechanic works for the cultivation and processing facility and reports to the growing facility manager and is called upon by either to fix mechanical or plumbing issues that he or she is capable of. In the event a licensed professional is required, the mechanic will work with them to explain the details of the facility and to ensure proper repair.

## **GROW FACILITY EMPLOYEES**

**Roles** – Grow house employees work on the plants, watering, checking for pests, cloning, trimming and insuring overall plant health. They will take samples when

necessary, and package them for shipment to the off premises quality assurance laboratory. They will work within the cultivation facility to help germinate, grow, and prepare to harvest the marijuana. Grow house employees ensure that the facility is cleaned properly, and necessary supplies are available or on order.

**Responsibilities** – The grow house employees are responsible for the plants from seed to harvest. They water, root, clone and maintain ph balances and sufficient water to ensure the plants grow at an optimum level. They are with the plant from seed until they are moved to a finishing room prior to harvest. Grow house employees maintain a clean and efficient environment, and constantly monitor water and nutrient levels to ensure optimum plant health. The grow facility employees maintain constant vigilance for mold, fungus, pests or any other danger to the health of the plants. The grow facility employees take samples for delivery to the off premises laboratory, and logs both the sample and the results in the data tracking system. The grow facility employees ensure that the proper labels are attached to planters and that all inventory is accounted for from seed to final product.

**Relationships** – The grow house employees answer to the growing facility manager, and work in tandem with any extra staff hired to specifically work with the plants. The plant trimmer, listed in the organizational chart, will be a grow house employee.

## **PLANT TRIMMER**

**Roles** - The plant trimmers are grow house employees trained to cut, shape, and maximize plant growth by removing excess leaves outside of the light canopy that are non-productive vestigial elements that are unnecessary to the plant's growth. They trim excess leaves and stalks and inventory them to ensure that all parts of the plant are accounted for.

**Responsibilities** – The plant trimmers are responsible for removing inefficient plant leaves, any sort of growth that appears in the potted soil and helping to shape the plants for maximum efficiency in nutrient uptake and light absorption. They are also responsible for coordinating the packaging and utilization of the excess trimmings whether they are ultimately used to create edibles or other marijuana byproducts or shipped to a composting or destruction facility.

**Relationships** – Plant trimmers work for the grow facility manager, and also coordinate with the harvesting staff to communicate plant readiness for cutting and placement in the drying and curing section of the facility. Plant trimmers work with the internal auditor to ensure compliance with inventory monitoring.

## **HARVESTING STAFF**

**Roles** – The harvesting staff are trained grow house employees who at the end of the flowering cycle, move the plants into a harvest room for trimming buds from the female plants. They are also responsible for the physical inventory by matching each plant's identifiers to an inventory sheet produced by the "seed-to-sale" software. The harvesting staff may operate a trimming machine or do much of it by hand depending on the crop. The harvesting staff also ensure that the harvested product is labeled

for the drying and curing rooms, and that all plant material is weighed and entered into the tracking database.

**Responsibilities** – The harvesting staff is responsible for the removal of the buds of the female plant, insuring that the trichomes aren't damaged, and that there is accountability for each plant and the waste produced from each. They will batch different strains onto specific drying racks.

**Relationships** – The harvesting staff reports directly to the grow facility manager, who is present during every harvest. In the event the manager isn't available, then one of the executive management team will be present to ensure a proper count and weighing of the final product. Security will also interface with the harvesting team to ensure that all product makes it from the harvesting room to the drying room, and that everything has been taped and recorded.

## **EDIBLES CHEF**

**Roles** – The edibles chef is responsible for producing marijuana infused products in a commercial kitchen setting at the cultivation and processing facility. The chef is responsible for safe cooking and food preparation practices, and for accounting for inventory used in the production of each item. The chef will produce recipes, formulas, and operating procedures for each part of the edibles manufacturing process. The edibles chef will solicit input from the dispensary customers, along with recommendations from the president for new product creation.

**Responsibilities** – The edibles chef will ensure that only safely prepared and packaged products are available to customers. The chef will work with contracted quality insurance and laboratory consultants to ensure that each product is produced in a hygienic fashion, and will have sample items tested for mold, bacteria, heavy metals, along with THC and cannabinoids. The chef will also observe truth in labeling laws and will provide nutrition content on each item sold. The edibles chef oversees the packaging and labeling staff to ensure compliance with health and safety regulations, as well as establishing nutrient content of all finished products.

**Relationships** – The edibles chef reports to the facility director, and also engages the kitchen staff in necessary tasks and discussions to ensure properly prepared food products.

## **KITCHEN STAFF**

**Roles** – The kitchen staff is responsible for the day to day preparation of marijuana infused products through hygienic means, and adhering to recipes and formulas prepared by the edibles chef. They will cook, package and ensure that the kitchen is properly cleaned to avoid any sort of bacteria entering the cooking process, and that each product is properly inventoried.

**Responsibilities** – The kitchen staff is responsible for receiving and inventorying ingredients into the kitchen, preparing the necessary marijuana infused products for

sale, and insuring the kitchen is kept clean and free of anything that could end up in the product. The kitchen staff helps the edibles chef determine inventory levels, helps order cooking and baking byproducts, and tracks utilization of marijuana directed to the kitchen facility for use in the consumable products.

**Relationships** – The kitchen staff works for the edibles chef, and also will interface with vendors as specific products are received. They will also provide reports to the bookkeeper to ensure that all inventory is accounted for and will also work with compliance officials to ensure that both the product and labeling is commercially acceptable.

## **PACKAGING AND LABELING**

**Roles** – The packaging and labeling employees are part time help that come in to measure, weigh, proportion, and vacuum pack the finished product. They weigh out the product into predetermined amounts, and then run it through a vacuum packing machine to ensure no air or contaminants are able to leak in. They will also produce labeling tags to show the batch, expiration date, amount of product, and a batch code to ensure that the facility is able to find any product that may be reported as unfit by the customers. The packaging and labeling staff work with the edibles chef to ensure government compliance with truth in labeling laws.

**Responsibilities** – The packaging and labeling employees are responsible for weighing, measuring and inventorying finished marijuana edible products, and also insuring a proper inventory is input into the seed to sale tracking software. They will attach the final tags to the product, and also note any discrepancies in the weight of the final product compared to the weight of the trimmed plant. They are responsible for insuring that each measured package of marijuana is traceable back to a particular grow, and from what seeds or clones it was produced from. The packaging and labeling staff informs the edibles chef of any necessary ancillary product ordering, and also inspects weighing and measuring tools to ensure the proper amount of ingredients are used in each infused product.

**Relationships** – The packaging and labeling employees report to the edibles chef, and also work with contracted quality assurance vendors, who may be present during packaging to do random sampling and to inspect the final product for compliance with labeling and ingredient content.

## **INTERNAL AUDITOR**

**Roles** – The internal auditor provides a check and balance to the bookkeeper, the harvesting staff, and to the growing facility manager to ensure that all weights, cash, and product are accounted for, and that the reports produced for each are accurate. They will spot check each part of the operation to ensure there is no collusion, and to ensure that all safeguards and reporting mechanisms are functioning properly.

**Responsibilities** – The internal auditor is responsible for checking and cross checking the inventory, cash deposits and receipts, accounts payable and receivable, and insuring that a solid audit trail is available to compliance officials and other professionals engaged by the company.

**Relationships** – The internal auditor responds directly to the president, and also to any outside compliance, accounting and legal teams. The internal auditor has only one boss – the president.

## **DRIVERS**

**Roles** – The drivers are the delivery persons for the company and will transport marijuana to dispensary customers who have requested delivery. They will operate in pairs in cars equipped with GPS tracking devices and will also have cellular phones and mobile radios. They will ensure that the right product is delivered to the correct customer in a safe, compliant and timely fashion.

**Responsibilities** – The drivers are responsible for following the manifest they are given when they go out on delivery runs. They are responsible for the safe keeping of inventory in locked safes in the trunk, and for bagging cash as it is received and providing receipts to customers as they pay for products. The drivers must reconcile their delivery manifest to cash collected each day, and also report on failed or unaccepted deliveries.

**Relationships** – The drivers report to the delivery manager and the president. They obtain their product from the grow facility manager and will also interface with the bookkeeper in dropping off cash, receipts, and daily manifests that will be inputted to ensure inventory accuracy.

## **SECURITY**

**Roles** – The security team is responsible for insuring the safety of the employees, any visitors, and the facilities themselves. They will patrol the grounds, observe through closed circuit cameras, and interface with management to help document any weaknesses found in the system.

**Responsibilities** – The security team is responsible for insuring that inventory is not removed from the premises without documentation, that employees are watched during the day to avoid theft, that cash is collected and drivers maintain different routes to prevent robbery, and interface with management as well as any experts hired by the company to prepare safety procedures.

**Relationships** - The security team reports to the facility manager and to the president of the company as well.

## **MARKETING**

**Roles** – The marketing manager will work to achieve greater market share, make customers aware of our presence and products, and use traditional media and social networks to attract new customers as well as retain current customers.

**Responsibilities** – The marketing manager will create and monitor Facebook, Twitter, and other social network outlets to allow customers to find pricing and delivery times and policies for our products. The marketing manager will also be in

charge of the web site and will update it with timely information to inform customers of new strains developed in our facility.

**Relationships** – the marketing manager will report directly to the president of the company.

## **Standard Operating Procedure CPR TRAINING**

### ***1. Purpose***

---

The purpose of this SOP is to provide guidance on CPR Training for all employees of the facility.

### ***2. Scope***

---

The scope of this SOP is for all employees. Training is a requirement for continued employment.

### ***3. Prerequisites***

---

All employees who have passed through their probationary employment phase will be given CPR training. During their original training, they will learn rudimentary first aid, but during their employment other emergency medical training will be offered.

### ***4. Responsibilities***

---

It is the responsibility of the director of human resources to insure all personnel are reminded of their obligation to take CPR training, and to help arrange classes on premises for it.

### ***5. Procedure***

---

The American Heart Association's Heartsaver CPR AED Course has been updated to reflect new science in the 2015 American Heart Association Guidelines Update for CPR and Emergency Cardiovascular Care. This course which is taught regularly at our facility is used to provide CPR and use an AED in a safe, timely, and effective manner.

Heartsaver CPR AED Online is the eLearning portion of the Heartsaver CPR AED blended learning course and is designed to teach students the cognitive information

needed for CPR and AED training. The Director of Human Resources assigns passwords to employees for online training. Upon successful completion of both portions of the course, students receive a Heartsaver CPR AED course completion card, valid for two years.

**After completing this course, employees of the facility will be able to:**

- Describe how high-quality CPR improves survival.
- Explain the concepts of the Chain of Survival.
- Recognize when someone needs CPR.
- Perform high-quality CPR for an adult.
- Describe how to perform CPR with help from others.
- Give effective breaths by using mouth-to-mouth or a mask for all age groups.
- Demonstrate how to use an AED on an adult.
- Perform high-quality CPR for a child.
- Demonstrate how to use an AED on a child.
- Perform high-quality CPR for an infant.
- Describe when and how to help a choking adult or child.
- Demonstrate how to help a choking infant.

***6. References***

---

The facility utilizes the information from the American Heart Association’s website for construction of our inhouse CPR modules.

***7. Reporting***

---

All employees will be given attendance slips to sign, and will be awarded a completion certificate upon successful training in CPR.

<p style="text-align: center;"><b>Standard Operating Procedure TRAINING PROTOCOLS &amp; RECORDS</b></p>
---

***1. Purpose***

---

The purpose of this SOP is to provide guidance on training for new employees, and documenting the training through handouts, video recordings, and entries into the employee’s personnel records for completed modules.

## **2. Scope**

---

The scope of the SOP is for anyone working at the facility who has undergone and passed the mandatory training along with the mandatory mentoring.

## **3. Prerequisites**

---

All employees must have gone through the training modules and documentation and be prepared to discuss and be tested on:

- a) Health, safety, and sanitation standards as required by the Department;
- b) Security procedures;
- c) Prohibitions and enforcement as described by state regulation;
- d) Confidentiality and all other provisions of HIPAA and state regulations that apply to the individual's scope of employment.
- e) Training on Commission Statutes and Rules and Other State and Local Laws and Regulations.
- f) Training on Company Standard Operating Procedures.
- g) Training on Detection and Prevention of Diversion of Cannabis.
- h) Training on Security and the Company's Security System.
- i) Training on Hazards and Safety and Emergency Procedures such as a Medical Emergency, Fire, Chemical Spill, Security and a Threatening Event.
- j) Training on Inventory Control and Record Keeping.
- k) Annual training to update and reinforce knowledge in above areas.

## **4. Responsibilities**

---

It is the responsibility of the corporate trainer to insure all modules necessary for successful employment have been taken by new employees, and the proper documentation including employee signatures on training materials, test or quiz results, and an actual video of the training session must be on file in each hire's personnel file.

## **5. Procedure**

---

The facility will utilize the operational experience and knowledge from its management employees and corporate trainer to provide extensive training and

education for all registered employees. All facility employees will receive extensive training prior to commencing work in any facility. Registered employees will be required to read the relevant state and county law pertaining to marijuana in order to have a general understanding of the laws and regulation with which that they must comply. Training for all cultivation and retail dispensing operations will be provided by our corporate trainer, training will also be provided from selected 3rd party security vendors, BioTrackTHC™ inventory control systems and POS vendors, XXX for manufacturing operations and CO2 extraction machine vendors, and other subject matter experts. Training will include an extensive hands-on approach and the use of Standard Operating Procedures (SOP's) and various other materials and methods as deemed appropriate.

The facility will utilize targeted training materials and programs for different operations. There will be specific training for registered employees involved within cultivation operations, processing/manufacturing operations, and retail dispensing operations. Ongoing and cross-functional training will be continued as operations commence. All registered employees will also be required to receive training on general sanitary requirements. Registered employees will be required to read and agree to comply with the company Employee Handbook, SOP's, and other materials management deems necessary prior to commencing work in any of our facilities. Management will fully prepare facility staff on all aspects of the business before operations are commenced. Training and education will be all-encompassing, covering regulatory compliance, seed-to-sale tracking, point-of-sale training, dispensing, security and diversion prevention, health and safety protocols, sanitation, transportation, also including all cultivation, extraction and manufacturing processes, and organizational functioning within a vertically-integrated operation. Registered employee training will cover but not be limited to the following:

- Standard Operating Procedures (SOP's) and Cultivation Operations SOP's
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the facility's cultivation operations.
  
- Manufacturing Infused Products (MIP) Operations SOP's
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the facility's manufacturing infused products operations.
  
- Retail Dispensing Operations SOP's
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the retail dispensing operations.

- Log Sheets and Templates
  - Numerous log sheets and templates for proper record keeping and documentation for all operations including cultivation, MIP, and dispensing.
- Responsible vendor training
- On-site training
- Initial job training
- Job shadowing
- Employee educational information

## ***6. References***

---

Please refer to the training manual which will contain:

1. A new-hire orientation training section - All new employees will go through an orientation training before starting their employment. The training manual will include an orientation section containing a review of all company policies, such as drug-free workplace rules and confidentiality requirements. This phase of training will also include an orientation to the SOP system and how to use it on the job.
2. Laws and Regulations: This section of the training manual will include critical laws and regulations the Company and employees are subject to. Certain of these laws and regulations will also be incorporated into the company's SOPs.
3. SOP training curriculum -The training manual will include a comprehensive copy of the Company's SOPs. The primary training curriculum for processor agents for the performance of their duties will be the SOPs themselves. The SOPs will have an administrative section which will include a signature line for employees and managers to indicate proficiency. This documentation will go into the employee's files to be available for audit and for inspection by the commission.
4. Detection and prevention of diversion - This section of the training manual will be created with the assistance of our professional security consultant. They will also develop the security plan for the company and will perform training sessions for the employees.
5. Processor Facility Security - This section of the training manual will be created with the assistance of our professional security consultant. They will

also develop the security plan for the company and will perform training sessions for the employees.

6. Safety and emergencies - This section of the manual will be created with the assistance of our security consultants, processor consultants and local fire and safety agencies. All employees will be trained on emergency situations and periodic drills will be performed to ensure preparedness.

7. Inventory Control - The training manual will include a section that provides an overview of inventory control. The inventory control system is a third-party software system which will have a comprehensive user manual. This user manual will be retained onsite and will be available for inspection at all times by the commission.

## ***7. Reporting***

---

All training materials and results from any quiz or exam will be placed in the employee's personnel file.

<p style="text-align: center;"><b>Standard Operating Procedure SAFETY TRAINING</b></p>
--

## ***1. Purpose***

---

The purpose of this SOP is to provide guidance for the safety training given in the facility for all employees.

## ***2. Scope***

---

The scope of this SOP is for all employees of the facility without exception.

## ***3. Prerequisites***

---

All employees in their initial training go through multiple modules on employee safety, personal protective equipment uses, storage and cleaning, OSHA rules for employers, and other training for specific mechanical and other equipment used in the facility.

#### **4. Responsibilities**

---

Initial safety training is the responsibility of the facility director, the corporate trainer, and all staff mentors. Every employee must have been given the safety training modules and passed the accompanying exam. All employees go through recurrent safety training biannually.

#### **5. Procedure**

---

State and Federal regulations require employers to provide a workplace free from serious recognized hazards and comply with standards, rules and regulations issued under the OSHA Act. In order to accomplish safety training, the facility will do the following:

- Examine workplace conditions to make sure they conform to applicable OSHA standards.
- Make sure employees have and use safe tools and equipment and properly maintain this equipment.
- Use color codes, posters, labels or signs to warn employees of potential hazards.
- Establish or update operating procedures and communicate them so that employees follow safety and health requirements.
- The facility will provide safety training in a language and vocabulary workers can understand.
- Since the facility has hazardous chemicals in the workplace we have developed and implemented a written hazard communication program and we have trained employees on the hazards they are exposed to and proper precautions (along with the relevant of safety data sheets).
- Provide medical examinations and training when required by OSHA standards.
- We have posted, at a prominent location within the workplace, the OSHA poster (or the state-plan equivalent) informing employees of their rights and responsibilities.
- We have posted the nearest OSHA office for all work-related fatalities, and all work-related inpatient hospitalizations, all amputations and all losses of an eye. The toll-free number is: 1-800- 321-OSHA (6742); TTY 1-877-889-5627.
- Keep records of work-related injuries and illnesses.

- Provide employees, former employees and their representative's access to the Log of Work-Related Injuries and Illnesses (OSHA Form 300).
- Provide access to employee medical records and exposure records to employees or their authorized representatives.
- Provide to the OSHA compliance officer the names of authorized employee representatives who may be asked to accompany the compliance officer during an inspection.
- The facility will never discriminate against employees who exercise their rights under the Act.

## **6. References**

---

The facility models its safety requirements under OSHA best practices, please refer to their web site for further information.

## **7. Reporting**

---

All safety training must be documented through video recording, and having employees sign a log sheet for each class attended.

<p style="text-align: center;"><b>Standard Operating Procedure EMPLOYEE TRAINING</b></p>
--

### **1. Purpose**

---

All employees must undergo and pass a two-week training course prior to active employment and being assigned scheduled hours. Additionally, they must take recurrent training quarterly.

### **2. Scope**

---

Our employee-training curriculum will provide critical procedures and instruction to employees to ensure all systems are in place to produce cannabis safely. These systems also ensure that every employee understands how to implement these systems accurately. In addition, there are sanitation, product quality, and quantity accuracy checkpoints to ensure that errors or problems are caught and remedied long before customers receive any product.

### ***3. Prerequisites***

---

All employees will be extensively trained and validation techniques will be utilized for ensuring continued competency. Employees are required to follow all safety signage, regulatory guidance and GMP's to ensure a safe, clean and sustainable working environment.

All Employees will be trained in General Manufacturing Practices such as:

- ServSafe, cGMP's, FDA CFR's, ISO, GFSI, or globally recognized food safety grade standards.
- Quarterly Safety, Best Practices, or Continued education material will be required for all Employees, Management, & Board Members.
- Record Keeping of training records and logs must be accessible onsite for all employees of the past 12 months.

### ***4. Responsibilities***

---

The facility manager and the corporate trainer are responsible for insuring the attendance and requisite test of employee knowledge before allowing them to be placed on the work schedule.

### ***5. Procedure***

---

#### **Training and education**

In addition to the Company's mandatory training on security, standard operating procedures, and other standard requirements, the Company will provide specialized training for each position. The Company commits to setting a high bar for its products, which requires treating and training employees well. Training and education for all personnel will be the cornerstone of the operations success through dedicated programs for employees so they are prepared to consistently operate at the highest industry standards. In addition, the Company will develop policies that support furthering the educational attainment of employees.

#### **Personnel training**

(a) Manufacturing, packaging, labeling and holding operations must:

(1) Ensure that each person engaged in the operation has the education, training, and experience, or any combination thereof, to enable that person to perform all assigned functions;

(2) Provide personnel with training in the applicable requirements of this part; and

(3) Maintain records of any training provided to personnel for the performance of all assigned functions.

(b) Personnel training should include:

(1) Instructions regarding regulatory inspection preparedness and law-enforcement interactions; and

(2) Information on U.S. federal, state and local laws, regulations, and policies relating to individuals employed in these operations, and the implications of these for such personnel.

All employees will also attend training sessions on the following:

- State regulations.
- Confidentiality, Privacy, and HIPPA.
- Ethics in Healthcare.
- HIPPA and Breach Notification.
- HIPPA Electronic Security.
- Marijuana Strains, Treatments, and Usage.
- The facility's operation manuals.
- Standard Operating Procedures (SOPs and applicable forms)

Employees must also display familiarity with the following:

- Standard Operating Procedures (SOP's) and Cultivation Operations SOP's.
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the facility's cultivation operations.
- Manufacturing Infused Products (MIP) Operations SOP's.
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with the facility's manufacturing infused products operations.
- Retail Dispensing Operations SOP's.
  - Standard Operating Procedures detailing and explaining the various daily operations, activities, tasks, and responsibilities associated with

the facility's retail dispensing operations.

- Log Sheets and Templates
  - Numerous log sheets and templates for proper record keeping and documentation for all operations including cultivation, MIP, and dispensing.
- Responsible vendor training.
- On-site training.
- Initial job training.
- Job shadowing.
- Employee educational information

## ***6. References***

---

Please refer to job descriptions and original training material for further understanding of this SOP.

## ***7. Reporting***

---

All training must be documented with attendance taken, a video recording of the actual classroom during training, and a copy of the content presented. The results of any training quizzes or exams must be placed in the employee's personnel file.