

M.2. COMPLIANCE WITH APPLICABLE STATE REGULATIONS



Element 7's Standard Operating Procedures are designed to provide step-by-step instructions for staff performing routine and complex tasks. Our SOP's focus on creating efficiency, quality and uniformity of output, while reducing miscommunication and failure to comply with industry regulations and company standards.

This document provided our policies, plans, and procedures, in addition to the other SOPs attached to the Response to Minor Use Permit 1-19: Cannabis Retail at 342 North Main Street Completeness Review Letter dated January 22, 2020.



POLICY NAME	SIGNAGE POLICIES
APPLICABLE LAW	Pursuant to the California Code of Regulations §5040 (b); Business and Professions Code §5200 and the City of Fort Bragg, the Element 7 facility will adhere to both local and state laws and regulations as it relates to signage.
POLICY OBJECTIVE	To inform visitors, contractors, patients, primary caregivers, customers and staff of Element 7's protocols both inside the facility, and the area surrounding the facility.
ELEMENT 7 CORE VALUE	<i>'Make Compliance an Advantage'</i>
SOP PROCEDURES	Signage Policies

SIGNAGE POLICIES

Element 7 will install facility signage once approved by the City of Fort Bragg, such as the main building sign, in a manner that clearly establishes it is a dispensary, but is not overly obtrusive, obstructive, or offensive in nature.

The following signage will be displayed prominently within the business in measurements of not less than 8 x 10 inches in a minimum of 24-point font, stating:

1. "The sale or diversion of cannabis or cannabis products without a license issued by the City of Fort Bragg is a violation of State law and the Fort Bragg Municipal Code."
2. "Smoking, ingesting or consuming marijuana on the premises or in the vicinity of the dispensary is prohibited."
3. "These premises are continually monitored by CCTV cameras."
4. "Loitering is strictly prohibited."

This signage is designed to ensure that customers are managed and aware that ingesting or smoking any cannabis products in the immediate vicinity of the building is not allowed, thus limiting the impacts on surrounding businesses, and their concerns.



POLICY NAME	AGE RESTRICTION AND VERIFICATION
APPLICABLE LAW	Pursuant to the California Code of Regulations §5031, §5400, §5404 and §5415 Element 7 directors, officers and management will adhere to both local and state laws and regulations as it relates age restrictions.
POLICY OBJECTIVE	To protect children and young adults from entering the Element 7 facility, and ensure that all patients, primary caregivers, customers and employees meet both the local and state age requirements.
ELEMENT 7 CORE VALUE	<i>"Make Compliance an Advantage"</i>
SOP PROCEDURES	Age Verification Doctor's Recommendation Verification

Age Verification

Individuals shall be granted access to the retail area only to purchase cannabis goods after an employee of the Element 7 has verified that the individual is at least 21 years of age based on valid proof of identification; or that the individual is at least 18 years of age, has valid proof of identification and a valid physician's recommendation for his or her self or for a person for whom he or she is a primary caregiver.

Age verification shall be conducted before the customer enters the retail area according to the following procedure:

1. 1. Once the customer enters the entry doors, they will be greeted by an employee and/or security personnel. The customer's valid identification card will be scanned in order to verify that the customer is 21 years of age or older.
2. If the customer is under the age of 21, but is at least 18 years of age, the employee will review the customer's physician's recommendation to ensure that the customer is a valid patient or primary caregiver.
3. In the case of a primary caregiver, valid written documentation containing the signature and the printed name of the medical patient designating the individual as a primary caregiver is required.
4. Once the customer's age has been verified, the customer will be permitted to enter the retail area.

An electronic age verification device shall be purchased and retained on the premises to determine the age of any individual attempting to purchase cannabis goods and shall be installed at each point of sale location. The device shall be maintained in operational condition and all employees shall be instructed in its use.

Doctor's Recommendation Verification

Element 7 will implement two primary methods of verifying the validity of a customer's doctor's recommendation.



ELEMENT 7: SITE OPERATING PLAN: POLICIES AND PROCEDURES

1. Element 7 will compile a list of reputable and compliance providers with a sample of a valid recommendation provided to us by the issuing company. When a customer provides us with a doctor's recommendation from our list of verified providers, our staff will review the recommendation to verify its validity.
2. Element 7 will verify the doctor's recommendations by contacting the issuing provider. Further, Element 7 will vet every new provider to ensure their credentials and legitimacy.

ELEMENT 7: SITE OPERATING PLAN: POLICIES AND PROCEDURES

POLICY NAME	SALES LIMITS
APPLICABLE LAW	Pursuant to the California Code of Regulations §5409 Element 7 retail staff will adhere to both local and state laws and regulations as it relates to the daily sales limits.
POLICY OBJECTIVE	To ensure that the Element 7 retail staff are providing patients, primary caregivers and customers with the correct amount of cannabis or cannabis goods in compliance with local and state laws and regulations.
ELEMENT 7 CORE VALUE	<i>'Make Compliance an Advantage'</i>
SOP PROCEDURES	Sales Limits

Sales Limits

- Element 7 will not sell no more than 28.5 grams of non-concentrated Cannabis in a single day to a single customer.
- Element 7 will not sell no more than 8 grams of Cannabis Concentrate, including Cannabis Concentrate contained in Cannabis Products, in a single day to a single customer.
- Element 7 will not sell no more than 6 immature Cannabis plants in a single day to a single customer.
- Element 7 will not sell edible Cannabis Products containing more than 10 milligrams of THC per serving.
- Element 7 will not sell edible Cannabis Products containing more than 100 milligrams of THC per package.
- Element 7 will not sell Cannabis Products that is in the shape of a human being, either realistic or caricature, animal, insect, or fruit.
- Element 7 will not sell Cannabis-infused beverages or powder, gel, or other concentrate with instruction for the preparation of Cannabis-infused beverages.
- Element 7 will not provide free Cannabis or Cannabis Products to any Person.



POLICY NAME	RECEIVING CANNABIS GOODS
APPLICABLE LAW	Pursuant to state and local cannabis regulations, Element 7 will adhere to both local and state laws and regulations as it relates to signage.
POLICY OBJECTIVE	To ensure the safety of the public, Element 7 customers, staff, and company assets and products.
ELEMENT 7 CORE VALUE	<i>'Excellence in Everything We Do'</i>
SOP PROCEDURES	Receiving Cannabis Goods

Receiving Cannabis Goods

Element 7 shall only receive shipments of cannabis goods from a licensed distributor. During business hours, shipments of cannabis goods shall not enter the premises through an entrance or exit that is available for use by the public.

Before accepting a shipment, Element 7 will request that the distribution employee delivering the cannabis goods provide the Element 7 with a copy of the distributor’s license. Additionally, Element 7 will request to view the distribution employee’s Element 7 identification badge.

Element 7 shall not make any cannabis goods available for sale or delivery unless an employee has verified that the cannabis goods have not exceeded their expiration or sell-by date.

1. Upon receipt of a shipment, an employee shall verify that all products have not exceeded their expiration or sell-by date. If any products have exceeded their expiration or sell-by date, employee shall notify management and the distribution employee.
2. Element 7 shall not accept any cannabis or cannabis goods that have exceeded their expiration or sell-by date. Element 7 shall return the expired goods and request that the distributor exchange the expired goods for sellable goods.

Element 7 shall not accept cannabis goods unless they are appropriately packaged and labeled as they will be sold at final sale. Element 7 shall not package or label cannabis goods.

Upon pick-up or receipt of cannabis goods for transport, storage, or inventory, Element 7 shall ensure that the cannabis goods received are as described in the shipping manifest, and shall record acceptance and acknowledgment of the cannabis goods in the track and trace system. If there are any discrepancies between the type or quantity specified in the shipping manifest and the type or quantity received by Element 7, Element 7 shall record and document the discrepancy in the track and trace system and in any relevant business record.

PLEASE SEE THE SECURITY PLAN UNDER SECTION 7 FOR INFORMATION REGARDING ELEMENT 7’S SECURITY STANDARD OPERATING PROCEDURES AND POLICIES.



DELIVERY STANDARD OPERATING PROCEDURES AND POLICIES



ORDERING PROCEDURES AND POLICIES

Customer Ordering Procedures

Patients and customers will be able to order through our smartphone APP or responsive website (which adapts itself to the patient/customer viewing environment – phone, tablet or desktop computer) – first time users will be have to upload a photo of their government identification card in order to verify age, and will then be required to run through a 3-screen educational component educating them on cannabis potency, absorption and effects. They will then have the option of selecting a range of cannabis products and being able to track Element 7 delivery business through the smartphone APP or Website in much the same way that UBER or LYFT operates.

Our partner, Beyond Marketing Group has significant UX and UI experience within their company and will manage all development of such platforms.

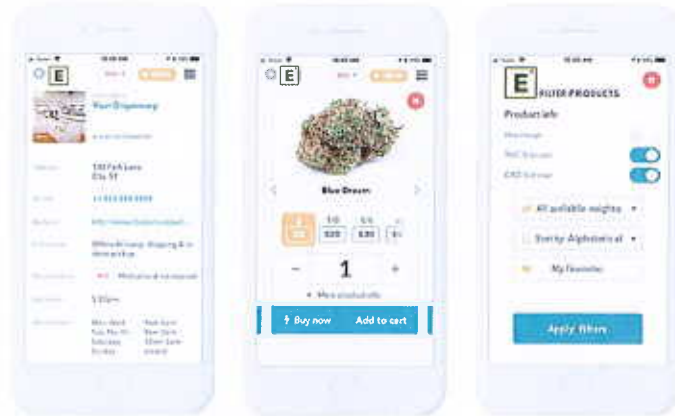
Online Ordering System

Element 7's online ordering system will allow its patients, primary caregivers and customers to place orders from our website, tablets or mobile app. Element 7 has partnered with a premier e-Commerce delivery company to create all online and web application features (Ready Cart). This will allow the website and application to have an online menu and shopping portal that directly and seamlessly connects to our inventory management system in real time.



In addition to Ready Cart, Element 7 will utilize Baker Technologies software platform which will allow Element 7 to communicate directly with patients/customers immediately after an online order is placed, inform patients/customers of new products, educate patients/customers via the smartphone app and create a Loyalty program that offers patients/customers "points" for being loyal to Element 7.

The online ordering system will display all the products for sale at the business, their prices, and product descriptions. (see demo images below)



Technology Integration

We understand that as a licensed non-storefront retailer, we will not sell or otherwise transfer any cannabis goods to a customer through the use of an unlicensed third party, intermediary business, broker, or any other business or entity.

Element 7 will utilize Baker as a means to facilitate the sale and delivery of cannabis goods, in accordance with the following:

1. Element 7 will not allow for delivery of cannabis goods by the technology platform service provider.
2. Element 7 will not share in the profits of the sale of cannabis goods with the technology platform service provider, or otherwise provide for a percentage or portion of the cannabis goods sales to the technology platform service provider.
3. Element 7 will not advertise or market cannabis goods in conjunction with the technology platform service provider, outside of the technology platform, and will ensure that the technology platform service provider does not use Element 7' license number or legal business name on any advertisement or marketing that primarily promotes the services of the technology platform.
4. Element 7 will ensure the following information is provided to customers:



- (i) Any cannabis goods advertised or offered for sale on or through the technology platform will disclose, Element 7' legal business name and license number.
- (ii) Customers placing an order for cannabis goods through the technology platform will be able to easily identify Element 7 as the source of where the cannabis goods are being ordered or purchased from. This information will be available to the customer prior to the customer placing an order or purchasing the cannabis goods.
- (iii) All required sales invoices and receipts, including any receipts provided to the customer, will disclose Element 7' legal business name and license number.
- (iv) All other delivery, marketing, and advertising requirements will be complied with.

Ordering Procedures

1. Once a patient, primary caregiver or customer visits Element 7 online delivery portal, they will be asked if they are above the age of 21;
2. Patients, primary caregivers and customers can visit the Element 7 menu of products which will range from edibles to flower and other cannabis products;
3. After a selection has been made, selected items will be placed in a "Cart" and the patients, primary caregivers and customers can then proceed to checkout;
4. Once an order has been processed and filled at the delivery facility, the patients, primary caregivers and customers will receive an alert notification for an approximate delivery-time estimate; and
5. Element 7 Delivery employees will receive instant push notifications on all tablets and smartphones at the facility. Once a patient, a primary caregiver or customer has placed an order, it will be immediately filled by an employee, packaged and ready for delivery within a 15 minute time frame.

Online Ordering System (Educational Component)

The Element 7 online ordering system educational component will allow its patients, primary caregivers and customers to learn about the potency, effects, THC and CBD content of cannabis or cannabis goods prior to purchasing, as well as providing patients, primary caregivers and customers with the tools to incorporate a "Holistic Wellness" approach to their everyday lives.

In furthering Element 7' "Holistic Wellness" initiative to educate patients/customers on the benefits of cannabis, Element 7 seeks to work with Tokr to create a customized app experience for Element 7 patients and customers. Tokr allows patients and customers to learn which cannabis based products can be used in their everyday life, and eases the anxiety or nervousness associated with not knowing how cannabis and cannabis related products may used daily.



Element 7's cannabis and cannabis products breakdown will equip patients, primary caregivers and customers with the knowledge and understanding of the benefits of a chosen cannabis strain or product. Having an educational component on Element 7 website informs patients, primary caregivers and customers how each strain of cannabis might affect them which can go a long way towards utilizing the plant's potential therapeutic benefits.

The website will provide thorough descriptions of each type of strain - Sativa, Indica, Hybrid and CBD.

In furthering Element 7's commitment to inform and empower the Fort Bragg community on cannabis education, it is also worth mentioning that accurately estimating cannabinoid effects must be treated with some subjectivity. Each patient/customer has an individual reaction to each type of cannabis strain and experimentation with different types of strains is essential for new patients and customers to achieve desired results.

Element 7 suggests patients, primary caregivers and customers keep a journal and record both body and head reactions to each strain, which will remove much of the guesswork from selecting the strains that work best for them. Our content management system will automatically send an email 12 hours after a patient, primary caregiver or customer has made a purchase which requires that product feedback following a "first time" purchase of a given product, and prior to the patients and customers next purchase to ensure we are receiving as much feedback as possible.

FULFILLMENT PROCEDURES AND POLICIES

Transportation Vehicle Requirements

Element 7 will strictly adhere to all rules, requirements and regulations regarding transportation of cannabis within the state of California, as they are created and modified by County and State legislators. No deviation from those rules will be tolerated or allowed. The Head of Security will implement additional measures beyond the minimum requirements (i.e. transfer of currency for remitting County tax payments).

Element 7' delivery process begins when the delivery employee leaves the facility with the cannabis goods for delivery. The delivery process ends when the delivery employee returns to the facility after delivering the cannabis goods, or attempting to deliver the cannabis goods to the patient or customer (s). At no time will an Element 7 delivery employee engage in any activities except for cannabis goods delivery and necessary rest, fuel, or vehicle repair stops. Element 7 will maintain an accurate list of all delivery employees information.

Any vehicle used in the delivery of cannabis goods will be operated by a delivery employee of Element 7. Vehicles used for delivery will not have any indications on the exterior of the vehicle that may indicate that the delivery employee is carrying cannabis goods for delivery. Only Element 7 employees will be in the delivery vehicle. In the event that an employee leaves the vehicle unattended, he/she will ensure that the vehicle is locked and equipped with an active vehicle alarm system.



All Element 7 vehicles will be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle and recording a history of all locations traveled to by the delivery employee while engaged in delivery. The GPS device will be owned by Element 7 and used for delivery only. The device will be either permanently or temporarily affixed to the delivery vehicle and will remain active and inside of the delivery vehicle at all times during delivery. At all times, Element 7 will be able to identify the geographic location of all delivery vehicles that are making deliveries, and document the history of all locations traveled to and by a delivery employee while engaged in delivery.

Delivery Inventory Ledger

- A LIVE delivery inventory ledger will be created which tracks all cannabis goods provided by Element 7 to the delivery driver, orders, purchase and product deliveries;
- For each cannabis good, the delivery inventory ledger will include the following:
 - Type of good, the brand, the retail value;
 - The track and trace identifier, and the weight, volume or other accurate measure of the cannabis good.
- After each customer delivery, the delivery inventory ledger will be updated to reflect the current inventory in possession of Element 7' delivery driver.
- No product will leave the Facility without being accompanied by an authorized driver of the Facility, together with transportation manifests to show the vehicle information, driver and accompanying personnel information, date and time the delivery business vehicle leaves the facility, the amount of product that is being transported, a breakdown of the individual boxes that will be delivered to individual patients and customers, the route that the vehicle will take, and expected delivery business times for delivery business to each delivery business.

Order Fulfillment (Pre-Delivery)

- Orders will be taken by Element 7 through an SSL Encrypted Responsive Website, Smart-Phone APP and by phone. All Patients and customers will be checked to ensure they have the appropriate ID Card by uploading a photo of their government-issued identification.
- Received Orders will then be approved by the Shift Manager and queued for Packing. A Packer Employee will fulfill the order from stock in either the Ambient Storage Room or Cold Storage Room, where it will be packed in the Packing Room. It will then be queued for Dispatch.
- Packed Orders will be assigned to a Driver by the Dispatch Manager and moved to the Dispatch Room from the Packing Room. Cannabis will only be sold to an individual in an amount consistent with personal possession and use limits allowed by the State of California and enforced by Fort Brag and Element 7.



ELEMENT 7: SITE OPERATING PLAN: POLICIES AND PROCEDURES

- The order fulfillment boxes (plastic) containing cannabis to be delivered to patients and customers will be verified, recorded and sealed. Once sealed they will be loaded into the lock boxes in the delivery business vehicle from the Dispatch Room, employees will ensure that no cannabis goods are visible to the public. Cannabis goods will be locked in a fully enclosed box, container, or cage that is secured on the inside of the vehicle.
- Both the Inventory Control Specialist and the driver that will accompany the product will verify the number of boxes, the date and time of delivery business, the date and time that the delivery business vehicle leaves the Facility, and the addresses to which the product will be delivered.
- Element 7 will maintain a database and provide a list of the individuals and vehicles authorized to conduct vehicle dispensing, and a copy of the valid California driver's license issued to the driver of any such vehicle on behalf of Element 7.
- Only after the dispatch employee has completed the check with checklist for delivery business will the vehicle then be driven out of the lock area, and immediately began its delivery business route.
- Individuals making deliveries of cannabis or cannabis products on behalf of Element 7 will maintain a physical copy of the delivery request (and/or invoice) and will make it available upon the request of agents or employees of the City of Fort Bragg requesting documentation.
- The total amount of cannabis carried in the vehicle will comply with State Law.

Order Fulfillment (Post-Delivery)

- Once the delivery business vehicle is in the locked and secured area designated for that purpose, the lockbox inside of the delivery business vehicle will be opened by delivery business personnel.
- The Inventory Control Specialist will perform a visual verification that the lockbox is in fact empty and contains no leftover cannabis products from a previous delivery business. If there is cannabis, it will be removed from the vehicle, identified, recorded and placed in the vault for either reshipment or in the case of a cancelled order, the box seal will be cut, the contents verified as being un-tampered with and then re-stocked into inventory and recorded as being re-stocked, including time, date, amount, package numbers, weights, employee performing the re-stocking and reason for the return of the product. Any product that has been tampered with will be accounted for and then destroyed in accordance with Element 7 procedures.
- Any cash payments received by the Driver will be logged, accounted for, signed and held in the cash register until the end of the shift or day, at which point it will be counted and locked in the Walk-In Vault.

Delivery Receipts



Element 7 will prepare both a hard copy and an electronic delivery request receipt for each delivery of cannabis goods. The delivery request receipt will contain the following:

1. The name and address of Element 7;
2. The first name and employee number of Element 7' delivery employee who delivered the order;
3. The first name and employee number of Element 7' employees who prepared the order for delivery;
4. The first name of the customer and an Element 7 retailer-assigned customer number for the person who requested the delivery;
5. The date and time the delivery request was made;
6. The delivery address; and
7. A detailed description of all cannabis goods requested for delivery.

Communications

- Each driver will carry a communication device and a cell phone for backup communication.
- Driver will always remain in contact with Element 7's Central Security Control Room as well as 911 and emergency services, if necessary.

Route Planning

- The Dispatch Team will plan route security after the time and destination are determined. Routes will be randomized and times varied. Other consideration, in addition to randomization and time, for each route will be based upon:
 5. Operational security (based on number of stop on route, crime by area, known previous routes etc);
 6. Traffic (time of day or road incident);
 7. Known public events, i.e. parades, demonstrations, unusual activity using current information available from a variety of sources to include news releases, police and county offices, social media; and
 8. Ongoing real-time incidents that would impede delivery business.
- If an Element 7 delivery driver does not have any delivery requests to be performed for a 30-minute period, the delivery driver will not make any additional deliveries and will return to the facility.

CONTROL AND COMPLIANCE

Carriage of Business License



All vehicles associated with the business will carry in the vehicle a copy of the valid, unexpired business license as well as a copy of Element 7' current non-storefront retailer's license. In addition, Element 7 Vehicle' will be registered with the County Police Department. (insert code).

Delivery Employees

- Element 7 will not employ or retain persons under 21 years of age.
- All deliveries of cannabis goods will be performed by a delivery employee who is directly employed by Element 7.
- All deliveries of cannabis goods will be made in person. A delivery of cannabis goods will not be made through the use of an unmanned vehicle.
- Delivery employees will carry a current government-issued identification, and an identification badge provided by Element 7.

Online Age Verification

- Electronic age verification will be utilized to determine the age of any individual attempting to purchase cannabis goods. All employees will be instructed on its use.
- Cannabis will not be sold to the public without electronic age verification.
- Delivery employees will verify the age and identity of the recipient of the cannabis goods at both order time and delivery of goods.
- Cannabis goods will only be received by the customer. The driver will scan the customers' valid identification card and verify that the individual is 21 years of age or older.

Summary

Element 7's Delivery business and operations are a critical focus point for our overall business strategy. While cannabis is a highly experimental and discovery-led category in 2019, we know that moving ahead, cannabis will more closely mimic existing shopping and buyer behavior practices of other consumer product verticals. Having a robust business plan and set of policies in place will be critical to our expansion efforts in this vertical over the next 3-5 years as we seek to become one of the leading and largest cannabis delivery companies in California.



M.3. PRODUCT SAFETY AND QUALITY ASSURANCES

Element 7 has developed several Standard Operating Procedures designed to provide step-by-step instructions for staff performing routine and complex tasks to ensure the safety and quality of the products we sale. Our SOP's focus on creating efficiency, quality and uniformity of output, while reducing miscommunication and failure to comply with industry regulations and company standards.

The following SOP include topics including, inventory control, product storage and handling, and packaging. These SOPs are designed to implement practices to promote product safety and quality assurance.

POLICY NAME	CANNABIS INVENTORY CONTROL POLICY
APPLICABLE LAW	Pursuant to the California Code of Regulations §5423-5324 Element 7 management and staff will adhere to both local and state laws and regulations as it relates to inventory control and product safety.
POLICY OBJECTIVE	To ensure that any cannabis handled, managed or sold by Element 7 is managed and accounted for in the most efficient and effective manner possible.
ELEMENT 7 CORE VALUE	'Consistency'
SOP PROCEDURES	Inventory Control - Inventory Control Practices - Monthly Inventory Procedure - Inventory Discrepancies

Inventory Control Practices

- Element 7 will be using industry specific tracking software – preferred choice is **Flowhub** and METRC, the State approved tracking system. To the extent any employee will be using the system, employees will be trained and given a specific pass code to access the system. An employee must NEVER share or disseminate the pass code to any third party or other employee. An employee must NEVER allow another employee to access the inventory control system with their unique pass code.
- The Data Management System is designed to track data in each phase that is carried forward throughout the entire process chain of the seed-to-sale system - growth, harvesting, processing, packaging, order fulfilment, shipping, sale & payment of the medical cannabis, so that the medical cannabis can be traced forward through the entire process and backward from the point of sale back to the clone and mother from which the product was produced.

- The software and backup data assure instant access to all information that has been gathered and maintained. The system is specifically designed to record and report information to prevent diversion of the products and theft while maintaining product quality, product consistency, making the employees accountable for the tasks they undertake, while simultaneously providing all regulatory information quickly and efficiently, and providing management with key information and storing such information for the requisite time periods.
- All cannabis will be kept in a safe, locked access-controlled area. This area will have the highest and tightest security restrictions in the Facility and will only be accessible by the Shift Manager and General Manager. No other persons will be allowed to access this room at any time, without exceptions. Employee theft and/or diversion of medical cannabis, regardless of the amount, is grounds for immediate termination and will not be tolerated. Offenders will be reported to the Police.

Monthly Inventory Audits

On the first of each month a complete inventory audit according to generally accepted accounting principles of usable and unusable medical marijuana will be taken by the inventory control manager and documented in the inventory log. All usable and unusable products will be accounted for.

Inventory Discrepancies

- Element 7 will verify that the physical inventory at the facility is consistent with the its records pertaining to inventory. If for any reason the inventory counts do not match those entered into the database due to suspected criminal activity by an employee, Element 7 will immediately contact local law enforcement authorities and the Bureau.
- Inventory discrepancies not due to criminal activity will be documented by the General Manager. Element 7 will investigate the source of the difference, those suspected to be involved and take and document corrective action.
- Inventory counts are taken very seriously and any discrepancy in numbers is of the utmost importance to Element 7.
- All documentation of inventory count discrepancy will be available to the General Manager, the Head of Security and relevant external Tax Authorities.

Records Retention

- All cannabis inventory including each day's beginning inventory, acquisitions, sales, disbursements, disposal of unusable cannabis, and ending inventory will be taken daily.
- All daily, weekly and monthly inventory logs will be kept at the Delivery facility for 5 (five) years from the date of the document and will be available to the County for review upon request.

POLICY NAME	STORAGE AND HANDLING POLICY
APPLICABLE LAW	Pursuant to the California Code of Regulations §5033, §5044(c)(2), §5301. Element 7 management and staff will adhere to both local and state laws and regulations as it relates to product storage and handling.
POLICY OBJECTIVE	To ensure cannabis and cannabis products are safe and secured in order to protect against deterioration, contamination and product diversion.
ELEMENT 7 CORE VALUE	<i>'Make Compliance an Advantage'</i>
SOP PROCEDURES	Storage Procedures - Storage and Handling - Withholding Materials from Use or Distribution

Storage Procedures

- Element 7 will store all cannabis and cannabis goods in a safe, vault, or secured room in order to prevent diversion, theft, or loss.
- Element 7 will store cannabis goods in a building designed to permit control of temperature and humidity and will prevent the entry of environmental contaminants such as smoke and dust.
- The area in which cannabis goods are stored will not be exposed to direct sunlight.
- Element 7 will not store cannabis goods outdoors.

Storage and Handling

- Components, packaging components, in-process materials, and products must at all times be handled, stored, and distributed in a manner to avoid deterioration, prevent contamination, and avoid mix-ups. Where necessary, appropriate conditions of temperature, humidity, and light must be established and maintained so that the identity, purity, strength, and composition of components, in-process materials, and products are not affected, and that adulteration is prevented.
- Containers of components, packaging components, in-process materials, and product must be stored off the floor and suitably spaced to permit cleaning and inspection.
- Components, in-process materials, and products that can support the rapid growth of microorganisms of public health significance must be held in a manner that prevents them from becoming adulterated.

- Labels, labeling, cannabis, cannabis-derived products, and cannabis waste must be stored in a controlled access area.
- Components, packaging components, and products must be used or distributed in a manner whereby the oldest batches or lots are used or distributed first. Deviation from this requirement is permitted if such deviation is temporary and appropriate.

Withholding Materials from Use or Distribution

- Manufacturing, packaging, and labeling operations must establish and implement written procedures for quarantine of any lot, batch, or other portion of component, packaging component, in-process material, or product whose suitability for use or distribution is in question, to prevent its use and distribution pending disposition by quality control personnel. This includes:
 - Newly received components and packaging components for use in manufacturing, packaging and/or labeling;
 - Batches newly completed in production;
 - Product returned to the operation for any reason;
 - Components, packaging components, in-process materials, or products that are or may be contaminated or adulterated; or
 - Components, packaging components, in-process materials, or products that are under investigation by quality control personnel for any other reason.
- Rejected components, packaging components, in-process materials, finished product, cannabis waste, and rejected labels and labeling (including any excess labeling bearing lot, batch, or control numbers which is not immediately destroyed after packaging operations are complete) must be appropriately segregated, controlled, and held in a controlled access area pending destruction or other disposal.
- Cannabis waste other than cannabis and cannabis-derived product that is rejected and returned to the vendor, and rejected labels and other labeling, must be destroyed in a manner which prevents unauthorized use. Destruction of any cannabis waste must be documented and witnessed by at least two workers, one of whom must be supervisory, managerial, or quality control personnel; except that if video surveillance is used, only one worker is necessary. Destruction may include composting.

POLICY NAME	PACKAGING POLICY
APPLICABLE LAW	Pursuant to the California Code of Regulations §5303 and §5412-5413. Element 7 management and staff will adhere to both local and state laws and regulations as it relates to packaging.
POLICY OBJECTIVE	To ensure packaging is compliant throughout the entire life-cycle of the cannabis and/or cannabis product.
ELEMENT 7 CORE VALUE	<i>'Make Compliance an Advantage'</i>
SOP PROCEDURES	<p>Packaging Overview</p> <ul style="list-style-type: none"> - Packaging Practices: Dispensary and Delivery Operations - Packaging Practices: Distribution Operations - Packaging Practices: Manufacturing Operations <p>Label Content for Cannabis and Cannabis-Derived Products</p> <p>Informational Panel Labeling</p> <p>Child-resistant Packaging</p> <p>New and First-Time Cannabis Users (Additional Packaging)</p>

Packaging Regulations

All packaging will meet the requirements of California Business and Professions Code section 19347 and as a best practice, Element 7 will also meet the packaging requirements as outlined by the following standards:

- Poison Prevention Packaging Act (PPPA), Title 16, Part 1700;
- Code of Federal Regulations, Title 40, part 157.2; and
- American Society for Testing and Materials (ATSM) D3475-15.

Packaging Practices: Dispensary and Delivery Operations

- Any edible cannabis or edible cannabis products sold on-site shall be labelled and placed in tamper-evident packaging which meets the requirements of the Bureau of Cannabis Control (BCC) as may be amended from time-to-time or superseded or replaced by subsequent legislation.
- All items to be sold or distributed shall be individually wrapped at the original point of preparation by the business permitted as a commercial cannabis manufacturer. Labeling must include a warning if nuts or other known allergens are used, and must include the total weight (in ounces or grams) of cannabis in the package.
- A warning that the item is a medication and not a food will be clearly legible on the front of the package and/or must comply with state packing requirements.

- The package will have a label warning that the product is to be kept away from children. The label will also state that the product contains cannabis and must specify the date of manufacture.
- Any edible cannabis product that is made to resemble a typical food product must be in a properly labelled opaque (non-see-through) package before it leaves the commercial cannabis manufacturing business.

Label Content for Cannabis and Cannabis-Derived Products

- Each packaged and labeled product must bear on the label of its primary packaging in a type size no less than 6 point:
 - The identity of the product in a text size reasonably related to the most prominent printed matter on the panel;
 - The universal symbol as prescribed in Section 40412;
 - The net weight or volume of the contents of the package;
 - The THC content and CBD content for the package in its entirety, expressed in milligrams per package;
 - Name and place of business of the manufacturer or distributor.
- In addition to the above requirements, for edible products, each product label must contain a "Product Facts" box listing quantitative content and nutrient information relevant to the product, including, as applicable to the product's content:
 - The words "cannabis-infused" immediately above the identity of the product in bold type and a text size larger than the text size used for the identity of the product.
 - The THC content and CBD content per serving, expressed in milligrams per serving.

Informational Panel Labeling

The label for a cannabis product will include an informational panel that includes the following:

- The licensed manufacturer and its contact number or website address;
- The date of the cannabis product's manufacture and packaging;

- The following statement in bold print: "GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."
- If the cannabis product is intended for sale in the medicinal-use market, the statement "FOR MEDICAL USE ONLY;"
- A list of all product ingredients in descending order of predominance by weight or volume;
- If the edible cannabis product contains an ingredient, flavoring, coloring, or an incidental additive that bears or contains a major food allergen, the word "contains," followed by a list of the applicable major food allergens;
- If an edible cannabis product, the names of any artificial food colorings contained in the product;
- If an edible cannabis product, the amount, in grams, of sodium, sugar, carbohydrates, and total fat per serving;
- Instructions for use, such as the method of consumption or application, and any preparation necessary prior to use;
- The product expiration date, "use by" date, or "best by" date, if any; and
- The UID and, if used, the batch number.

Child Resistant Packaging

- Element 7 will draw its definition for child-resistant packaging from the PPPA. The Act defines child-resistant packaging as "designed or constructed to be significantly difficult for children under five years of age to open and not difficult for normal adults to use properly."
- Prior to delivery by or sale at Element 7, BudTenders and Dispatch staff will package cannabis products in tamper-proof, child-resistant packaging, then label the packages. Labels will include a unique identifier, which will originate from manufacturers and cultivators for the purpose of identifying and tracking medical and adult-use cannabis.
- Child-resistant packages will not be attractive to children, nor will any package be sold that is not child-resistant, unless otherwise exempted by regulation.

Element 7 will only use generic food names on labels to describe edible medical cannabis products.

New and First-Time Cannabis Users (Additional Packaging)

Each package of medical cannabis sold will include a patient educational-safety insert. The insert will advise patients and customers on the following:

- Method or methods of administering individual doses of medical cannabis;
- Any potential dangers stemming from the use of medical cannabis;
- How to recognize what may be problematic usage of medical cannabis and how to obtain treatment for problematic usage;
- The side effects and contraindications associated with medical cannabis, if any, which may cause harm to the patient; and
- How to prevent or deter the misuse of medical cannabis by children.

It is a primary goal of Element 7 to ensure that all patients, caregivers and customers are fully informed about their medicine and cannabis. Element 7 BudTenders will welcome any question or potential concerns they have about information contained on labels and inserts, including how to access company information in languages other than English. Element 7 will contract with a translation service and use translation software to create safety inserts for patients in multiple languages. Providing multi-lingual services to all customers will ensure that Element 7 operates with a spirit of inclusiveness and patient-focused care.

M.4. RECORD KEEPING PROCEDURES

With an increasingly complex regulatory environment guiding our business and industry, the development of clear guidelines and the consistent implementation of such processes is critical to our business.

Standard Operating Procedures contained within this document are consistent across all aspects of our business, from seed to sale, and include:

- Track and Trace
- Data Management
- Records

POLICY NAME	TRACK AND TRACE
APPLICABLE LAW	Pursuant to the California Code of Regulations § 5048-5051; Business and Professions Code Section 26013, 26067, 26070, 26160 and 26161.
POLICY OBJECTIVE	To ensure that any cannabis handled, managed or sold by Element 7 is tracked and traced at every point of the inventory management process.
ELEMENT 7 CORE VALUE	<i>'Trusted'</i>
SOP PROCEDURES	Track and Trace Operations <ul style="list-style-type: none"> - Service Provider - Track and Trace Systems Procedures - Track and Trace Data - Destruction and Disposal of Cannabis - Loss of Connectivity - System Reconciliation

Track and Trace System Provider

Element 7 uses **Flowhub** as its primary point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale), time and date of each sale, etc.

Track and Trace Procedures

- Element 7 will have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale), time and date of each sale, etc.
- All transactions will be entered into the track and trace system by 11:59 p.m. Pacific Time, on the day the transaction occurred.

- Element 7 will only enter and record complete and accurate information into the track and trace system, and will correct any known errors entered into the track and trace system immediately upon discovery.
- Element 7 will record in the track and trace system, all commercial cannabis activity, including any:
 1. Packaging of cannabis goods.
 2. Sale of cannabis goods.
 3. Transportation of cannabis goods to a licensee.
 4. Receipt of cannabis goods.
 5. Return of cannabis goods.
 6. Destruction and disposal of cannabis goods.
 7. Laboratory testing and results.
 8. Any other activity as required by any other licensing authority.
- The following information will be recorded for each activity entered in the track and trace system:
 1. Name and type of the cannabis goods.
 2. Unique identifier of the cannabis goods.
 3. Amount of the cannabis goods, by weight or count.
 4. Date and time of the activity or transaction.
 5. Name and license number of other licensees involved in the activity or transaction.
 6. If the cannabis goods are being transported Element 7 will transport pursuant to a shipping manifest generated through the track and trace system as well as:
 - a) The name, license number, and premises address of the originating licensee.
 - b) The name, license number, and premises address of the licensee transporting the cannabis goods.

- c) The name, licensee number, and premises address of the destination licensee receiving the cannabis goods into inventory or storage.
- d) The date and time of departure from the licensed premises and approximate date and time of departure from each subsequent licensed premises, if any.
- e) Arrival date and estimated time of arrival at each licensed premises.
- f) Driver's license number of the personnel transporting the cannabis goods, and the make, model, and license plate number of the vehicle used for transport.

Destruction and Disposal of Cannabis

- If cannabis goods are being destroyed or disposed of, the licensee will record in the track and trace system the following additional information:
 - 1. The name of the employee performing the destruction or disposal.
 - 2. The reason for destruction or disposal.
 - 3. The name of the entity being used to collect and process cannabis waste.
- Description for any adjustments made in the track and trace system, including, but not limited to:
 - 1. Spoilage or fouling of the cannabis goods.
 - 2. Any event resulting in exposure or compromise of the cannabis goods.
 - 3. Any other information as required by any other applicable licensing authorities.

Loss of Access

- If at any point Element 7 loses access to the track and trace system for any reason, Element 7 will prepare and maintain comprehensive records detailing all commercial cannabis activities that were conducted during the loss of access.
- The licensee will both document and notify licensing authorities immediately:
 - 1. When access to the system is lost;
 - 2. When it is restored; and
 - 3. The cause for the loss of access.

- Element 7 will submit the Notification and Request Form, BCCLIC-027 when connectivity is lost.
- Once access is restored, all commercial cannabis activity that occurred during the loss of access will be entered into the track and trace system within three (3) business days of access being restored.
- Element 7 will not transport, transfer or deliver any cannabis goods until such time as access is restored and all information recorded in the track and trace system.

System Reconciliation

Element 7 will reconcile the physical inventory of cannabis goods at the licensed premises with the records in the track and trace database at least once every 14 days. If Element 7 finds a discrepancy between its physical inventory and the track and trace system database, the licensee will conduct an audit.

POLICY NAME	DATA MANAGEMENT
APPLICABLE LAW	Pursuant to the California Code of Regulations §5048 and §5051 in association with an Element 7 Internal Policy. Element 7 management and staff will adhere to both local and state laws and regulations as it relates to data management.
POLICY OBJECTIVE	To ensure that privacy records, financial records, cost tracking and analysis, inventory levels and compliance data are safely and securely stored within the cloud software.
ELEMENT 7 CORE VALUE	<i>'Make Compliance an Advantage'</i>
SOP PROCEDURES	Data Management Data Reconciliation

Data Management

Data will be stored by Element 7 using industry specific cloud storage software. Our first priority is to ensure that such system provides secure electronic access to health data that is compliant with privacy rules and HIPAA Compliance (Health Insurance of Portability and Accountability Act). HIPAA Compliance ensures that data could never be released without either the patients written consent or by court subpoena. Data is stored at an off-site HIPAA-Compliant Data Storage Centre and is SSL Encrypted.

Specifically, we will also ensure that any Data Storage and Web-Hosting Services have:

1. A signed Business Associate Agreement (BAA)
2. Monthly vulnerability scans of your servers
3. Mitigation of the vulnerabilities discovered by the monthly vulnerability scans
4. Server hardening
5. Off-site backups
6. Log retention of 6 years

A licensed CFO is retained and employed by Element 7 to ensure that appropriate financial systems, policies, procedures and accounts are maintained accurately by the Company. GAAP Accounting Procedures shall be used. An independent and certified 3rd party auditor shall also be appointed for annual accounting compliance and audit checks.

Data Reconciliation

The key is to gather information at specific points in the process and then reconcile that information such that the continuous flow and custody of the cannabis product can be monitored and measured. Such information is used at two levels.

- First, for regulatory reporting purposes.

- Second, as a management tool for making important decisions about the overall efficiency of the operation.

To that end, information such as cost tracking and analysis, inventory levels and compliance data is entered into the Data Management System and recorded. Any differences between expected and actual values or counts are immediately highlighted and addressed. Further, using various software privileges, individual employees are held accountable for their tasks and any issues that may arise in fulfilling those tasks. Each employee is given a specific password, such that his/her work input can be monitored and corrected, if necessary.

The software systems have a redundancy of backup. Data is stored in secured hardware off-site cloud storage servers (HIPAA-Compliant process), using the latest in encryption technology. All data collected is time and date specific, identified by the employee inputting the data and stored for at least the time required by the State rules. Further, backup data is taken at regular intervals and stored off-site in secondary secure locations using portable hard drives. The result is a highly secure, data processing system with redundancy of operations and storage built in.

POLICY NAME	RECORDS RETENTION
APPLICABLE LAW	Pursuant to California Code of Regulations §5037 and §5426, Element 7 management and staff will adhere to both local and state laws and regulations as it relates to record retention.
POLICY OBJECTIVE	To ensure that Element 7 management, officers and employees keep and consistently maintain all records related to commercial cannabis activity at the premises.
ELEMENT 7 CORE VALUE	<i>'Accountability'</i>
SOP PROCEDURES	Record Overview - Record Retention - Employee Records - Records Management

Records Retention

Element 7 will keep and maintain the following records related to commercial cannabis activity for at least seven years:

- **Financial Records** including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration.
- **Personnel Records** including each employee's full name, social security or individual taxpayer identification number, date employment begins, and date of termination of employment if applicable.
- **Training Records** including but not limited to the content of the training provided, and the names of the employees that received the training.
- **Contracts** with other licensees regarding commercial cannabis activity, including the source(s) of all products.
- **Permits, Licenses, and Other Local Authorizations** to conduct the licensee's commercial cannabis activity.
- **Security Records** except for surveillance.
- **Cannabis Records** relating to the composting or destruction of cannabis goods.
- **Documentation for Data** or information entered into the track and trace system.

- **Other Documents** prepared or executed by an owner or his employees or assignees in connection with the licensed commercial cannabis business.
- **Accurate Books and Records** in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities.
- **Employee Register** containing the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in Element 7, and separately of all the officers, managers, employees, and agents currently employed or otherwise engaged by Element 7.
- **Accurate Record of Sale** for every sale made to a customer. A record of a cannabis goods sale will contain the following information:
 - a) The first name and employee number of the retailer employee who processed the sale;
 - b) The first name of the customer and a retailer assigned customer number for the person who made the purchase;
 - c) The date and time of the transaction;
 - d) A list of all the cannabis goods purchased, including the quantity purchased; and
 - e) The total amount paid for the sale including the individual prices paid for each cannabis good purchased and any amounts paid for taxes.

Employee Records

Element 7 will keep the following records of each of its employees on file at the premises of the business:

- Name, address, and phone number of the employee;
- Age and verification of employee. A copy of a birth certificate, driver's license, government issued identification card, passport or other proof that the employee is at least twenty- one (21) years of age must be on file with the business;
- A list of any crimes enumerated in California Business and Professions Code Section 26057(b)(4) for which the employee has been convicted;

- Name, address, and contact person for all previous employers of the employee for the last ten (10) years, including, but not limited to, all employers from which the employee was fired, resigned, or asked to leave and the reasons for such dismissal or firing;
- The fingerprints and a recent photograph of the employee;
- Verification that the employee is a qualified customer or primary caregiver, if applicable.

Financial Records

An appropriate Financial Software (e.g., QuickBooks) shall be installed and mandated for use by Element 7 with all revenues, expenses, assets and liabilities, accounted for. Annual records (or as requested) shall be made available to the County detailing all sales revenue on a per month basis. Taxes shall be estimated at agreed County rates and paid on time to all Local and State Tax Authorities.

Records Management

Records will be kept in a manner that allows the records to be produced for licensing authorities at the licensed premises in either hard copy or electronic form.

Records shall be maintained off-site, in electronic form on a secure SSL-encrypted server and secured and verified by the Head of Compliance for Element 7 as needed (consistent with requirements pertaining to patient confidentiality pursuant to applicable state and federal law).

All records required to be maintained by the business will be maintained for no less than three (3) years and are subject to immediate inspection by approved County Officials.

M.5. PRODUCT RECALL PROCEDURES

POLICY NAME	COMPLAINTS, RETURNS AND RECALL POLICY
APPLICABLE LAW	Pursuant to the California Code of Regulations §5410 Element 7 management and staff will adhere to both local and state laws and regulations as it relates complaints, returns and recalls
POLICY OBJECTIVE	To provide a high level of customer service to patients, primary caregivers and customers who may want to complain or return cannabis /cannabis products purchased at our facility. In the event of a recall, Element 7 management and staff will be able to execute the process seamlessly by adhering to this policy.
ELEMENT 7 CORE VALUE	<i>'Trust is Earned, Not Given'</i>
SOP PROCEDURES	Customer Satisfaction - Complaints - Returned Products - Recall Procedures
KPI's	- All complaints must be acknowledged within 24-hours of receiving such complaint. - All complaints must be dealt with and completed within 72-hours of receiving such complaint.

CUSTOMER SATISFACTION

Element 7 has a complaints, returns, and recalls policy that is fair, just, and flexible (where needed) to deal with customer issues immediately. The policy has been designed to put customers first and adapt to the numerous circumstances where required to ensure that our patients and customers are managed fairly and justly.

The policy is rigid where it needs to be, particularly in relation to Product Recalls where there is minimal, or no, flexibility for front-line retail sales staff.

Complaints

- Element 7 appoints the General Manager as the qualified person that will receive all customer complaints. The General Manager must notify Element 7's Head of Compliance within 12-hours of any complaint by completing a "Complaint Notice" form which records the time, date, name, location and situation, regarding where the complaint was received (e.g., phone, in-store, online etc.)

- Once a complaint is received, Element 7's Head of Compliance (Amber Norwood) will determine the following:
 - Receive and review product complaints to determine whether the product complaint involves a possible failure of a product to meet any of its specifications, or any other requirements, including but not limited to those specifications and other requirements that, if not met, may result in a risk of illness or injury; and
 - Investigate any product complaint that involves a possible failure of a product to meet any of its specifications, or any other requirements of this part, including but not limited to those specifications and other requirements that, if not met, may result in a risk of illness or injury.
- The Head of Compliance is responsible for sending an initial 'Complaint Received' note to the person that made the complaint. Our Internal KPI for sending this note is within 24-hours of the complaint being received.
- The Head of Compliance will review and approve decisions about whether to investigate a product complaint and review and approve the findings and follow-up action of any investigation performed. This will be managed weekly in coordination with the General Manager for the Facility where the complaint was received.
- The review and investigation of the product complaint, and the review by the Head of Compliance about whether to investigate a product complaint, and the findings and follow-up action of any investigation performed, must extend to all related batches and relevant records. Related batches may include, but are not limited to, batches of the same product, other batches processed on the same equipment or during the same time period, or other batches produced using the same batches or lots of components or packaging components.
- A written record of the complaint, and where applicable, its investigation must be kept, including:
 - Identity of the product;
 - Batch, lot or other control number of the product;
 - Date the complaint was received and the name, address, or telephone number of the complainant, if available;
 - Nature of the complaint including, if known, how the product was used;
 - Names of personnel who do the following:

- (i) Review and approve the decision about whether to investigate a product complaint;
 - (ii) Investigate the complaint, and
 - (iii) Review and approve the findings and follow-up action of any investigation performed.
- Findings of the investigation and follow-up action taken when an investigation is performed; and a Response to the complainant, if applicable, which should be sent no later than 72-hours after the complaint was received.
- The procedure for a product complaint that includes a report of an adverse event (an adverse event is a health-related event associated with use of a product that is undesirable, and that is unexpected or unusual), includes the following:
 - Reporting to any public health authority;
 - Reporting to the physician of record for the individual reported to have experienced the adverse event, if known; and
 - Product recall.

Returned Products

- Manufacturing, packaging, and/or labeling operations must establish written procedures describing the receipt, handling, and disposition of returned cannabis or cannabis-derived products.
- Returned products must be identified as such and be quarantined upon receipt.
- Returned product must be reviewed and approved or rejected by quality control personnel.
- If the conditions under which returned product has been held, stored, or shipped before or during its return, or if the condition of the product, its containers, or labeling, as a result of storage or shipping, casts doubt on the identity, purity, strength, composition, or freedom from contamination or adulteration of the product, the returned product will be rejected unless examination, testing, or other investigations prove the product meets appropriate standards of identity, purity, strength, and composition and its freedom from contamination or adulteration.

- If the reason a product is returned implicates associated batches, an appropriate investigation must be conducted and must extend to all related batches and relevant records. Related batches may include, but are not limited to, batches of the same product, other batches processed on the same equipment or during the same time period, or other batches produced using the same components or packaging components. (f) Rejected returned product returned to the manufacturing, packaging, labeling, and holding operation must be destroyed as per section 7.3(c).

- A written record must be kept of the return, and where applicable its investigation, including:
 - Identity of the product;
 - Batch, lot or other control number of the product;
 - Date the returned product was received;
 - Name and address from which it was returned, and the means by which it was returned;
 - Reason for the return;
 - Results of any tests or examinations conducted on the returned product, or on related batches, if any;
 - Findings of the investigation and follow-up action taken when an investigation is performed;
 - Any reprocessing performed on the returned product;
 - The ultimate disposition of the returned product, and the date of disposition; and
 - Names of the quality control personnel who do the following:
 - (i) Review the reason for the product return;
 - (ii) Review and approve any reprocessing, as applicable, and
 - (iii) Review and approve the findings and follow-up action of any investigation performed.

Recall Procedures

- Element 7 will establish and implement written procedures for recalling cannabis products manufactured at the facility that are determined to be misbranded or adulterated. These procedures will include:
 - Factors which necessitate a recall;
 - Personnel responsible for implementing the recall procedures; and
 - Notification protocols, including:
 - (i) A mechanism to notify all customers that have, or could have, obtained the product, including communication and outreach via media, as necessary and appropriate;
 - (ii) A mechanism to notify any licensees that supplied or received the recalled product; and
 - (iii) Instructions to the general public and/or other licensees for the return and/or destruction of recalled product.
- Procedures for the collection and destruction of any recalled product. Such procedures will meet the following requirements:
 - (i) All recalled products that are intended to be destroyed will be quarantined for a minimum of 72 hours. The licensee will affix to the recalled products any bills of lading, shipping manifests, or other similar documents with product information and weight. The product held in quarantine will be subject to auditing by the Department.
 - (ii) Following the quarantine period, the licensee will render the recalled cannabis product unusable and unrecognizable and will do so on video surveillance. A recalled cannabis product that has been rendered unusable and unrecognizable is considered cannabis waste and shall be disposed of.
 - (iii) Element 7 shall dispose of chemical, dangerous, or hazardous waste in a manner consistent with federal, state, and local laws. This requirement shall include but is not limited to recalled products containing or consisting of pesticide or other agricultural chemicals, solvents or other chemicals used in the production of manufactured cannabis batches, and cannabis soaked in a flammable solvent for the purpose of producing manufactured cannabis batches.
 - (iv) Element shall not dispose of recalled cannabis product in an unsecured area or waste receptacle that is not in the possession and/or control of Element 7.

In addition to the tracking requirements, Element 7 shall use the track-and-trace database and on-site documentation to ensure that recalled cannabis products intended for destruction are identified, weighed, and tracked while on the licensed premises and when disposed of. For recalled cannabis products, Element 7 shall enter the following details into the track and trace database: the weight of the product, reason for destruction, and the date the quarantine period will begin. Lastly, Element 7 shall notify the Department of any recall within 24 hours of initiating the recall.

M.6. A SOLID WASTE DISPOSAL PLAN

POLICY NAME	CANNABIS WASTE MANAGEMENT
APPLICABLE LAW	Pursuant to state and local regulations, Element 7 management and staff will adhere to both local and state laws and regulations as it relates to storage, handling, and disposal of cannabis waste.
POLICY OBJECTIVE	To ensure cannabis waste is securely stored and disposed.
ELEMENT 7 CORE VALUE	<i>'Make Compliance an Advantage'</i>
SOP PROCEDURES	Cannabis Waste Management

Cannabis Waste Management

It is the duty of Element 7 to ensure that all waste is handled in a manner that is safe, environmentally conscious, and complies with local and state regulations. Element 7 will carefully discard waste in a manner that is least likely to cause harm to public health, the environment, and the reputation of the local cannabis community.

Element 7 will render all cannabis waste unusable and unrecognizable prior to disposal. Cannabis waste receptacles will be placed in a secure storage area, designed for the sole purpose of storing cannabis waste. Not only will Element 7 properly dispose of cannabis and cannabis products, but we will contract with a compliant cannabis waste management company.

M.7. PRODUCT SUPPLY CHAIN INFORMATION

POLICY NAME	PRODUCT PROCUREMENT
APPLICABLE LAW	Pursuant to the California Code of Regulations and Business and Professions Code, Element 7 will adhere to both local and state laws and regulations as it relates to the quality of cannabis and cannabis products offered to the public.
POLICY OBJECTIVE	To ensure cannabis and cannabis products are safe in order to safeguard the products offered by Element 7 are procured in a manner that is in compliance with state and local regulations, and that our customers are offered safe and high-quality products.
ELEMENT 7 CORE VALUE	<i>'Make Compliance an Advantage'</i>
SOP PROCEDURES	Product Procurement – Vendor Selection Product Procurement – Product Testing

Product Procurement – Vendor Selection

It is essential that commercial cannabis businesses know where their cannabis and cannabis products come from to ensure customers of the quality and safety of the products being sold. Element 7 shall use and sale cannabis and cannabis products from the following sources:

- Licensed, complaint, and reputable cultivators.
- Cultivators that employ organic, environmentally-friendly practices.
- Licensed, compliant, and reputable manufactures.
- Manufacturers that implement the safest and industry leading extraction and processing practices.
- Licensed, compliant, and reputable distributors.
- Distributors that contract with the state leading cannabis testing companies.

Prior to executing any purchase contracts from cannabis business or non-cannabis ancillary businesses, we will ensure that we are engaging with companies that that value providing safe, clean, compliant, high-quality goods and services.

Product Procurement – Product Testing

Element 7 finds that the quality of cannabis and cannabis products shall be one of the top focuses of operating a commercial cannabis business; and it is the top priority of Element 7 to guarantee that we only offer clean and safe cannabis and cannabis

products. Element 7 will be strict when it comes to ensuring that all cannabis and cannabis products in the facility are provided by distributors that firmly adhere to the California cannabis testing regulations.

Ensuring the safety and purity of all cannabis and cannabis products is imperative to the success of the California cannabis industry and the wellbeing of all cannabis consumers. In order to verify that all cannabis and cannabis products are adequately tested, Element 7 employ the following practices while vetting a potential distribution company:

- Ensure the testing laboratory's accreditation.
- Research the testing laboratory to ensure that they are licensed, reputable, and employ industry best practices.
- Request and review the Certificate of Analysis.
- Review distribution company's cannabis testing procedures and protocols.
- See distribution company's that contract with testing laboratories that exceed the state cannabis testing requirements.

In addition to required state testing, Element 7 applauds those that test cannabis through its lifecycle, from flower stage to oil stage. Element 7 with actively seek cultivators and manufacturers the conduct additional internal and external analysis.

M.8. ODOR MANAGEMENT AND CONTROL PLAN

Introduction

We will take active measures to eliminate any cannabis odor that may potentially emanate from the Facility to mitigate disturbances to local businesses and residents. There are several industry best-practices that we will install into our Facility to ensure that the air poses zero health risks to any employee or customer, or the surrounding businesses.

POLICY NAME	AIR MITIGATION / ODOR CONTROL POLICY
APPLICABLE LAW	Element 7 officers, management, and staff will adhere to both local and state laws and regulations as it relates to running a compliant facility in the City of Fort Bragg, and implement plans and policies to mitigate any concerns regarding odor.
POLICY OBJECTIVE	To ensure that the Element 7 facility remains in compliance with the City of Fort Bragg rules and regulations, as it relates to preventing odors generated from cannabis or cannabis products being detected from outside of the facility.
ELEMENT 7 CORE VALUE	<i>"Make Compliance an Advantage"</i>
SOP PROCEDURES SOP PROCEDURES (CONTINUED)	Air Mitigation / Odor Control Policy <ul style="list-style-type: none"> - Polarized Filters with Activated Carbon Inserts - Carbon Scrubbers - Electrostatic Air Cleaners - MERV-13 Filters - Air Curtains - Air Quality Enhancing Plants - Ecosorb CNB100 - Odor Management Services - Summary

Polarized Filters with Activated Carbon Inserts

We will be using polarized media filters with activated carbon insert pads to provide a medical-grade air quality to the Facility. Polarized media filters utilize electromagnetic polarization to maximize the collection of dust and pollutants in the air, which increases the effectiveness of air filtration and odor control. The carbon pads provide an additional layer of odor removal, providing maximum efficiency and benefit. Upgrading filters are relatively inexpensive, and the costs are heavily offset by the reduced labor and cost of replacing those filters less frequently. These technologies are utilized by hospitals, laboratories and other clean facilities around the world and are an excellent option for cannabis facilities.

Carbon Scrubbers

We will use activated carbon scrubbers in the storage rooms where the highest concentration of products is located. These types of filters use pelletized granule carbon to remove odor, dust, and pollutants from the air and can be used as a standing unit in a space or as an exhaust filter. Just like the carbon in the air filters mentioned previously, these pellets remove dust, odor, and other pollutants through the air as it passes through the filter.



Electrostatic Air Cleaners

Electrostatic air cleaners (sometimes known as electrostatic precipitators) are highly efficient filtration devices that use electrostatic attraction to remove fine particulate matter such as dust and cigarette smoke from the air.

Electrostatic air cleaners ionize (or electrically charge) particles as incoming air is drawn over an electronic cell. The charged particles are then attracted to and trapped by a series of flat collector plates that are oppositely charged, with the particles literally 'sticking' to the collection plates until they are manually removed.

MERV-13 Filters

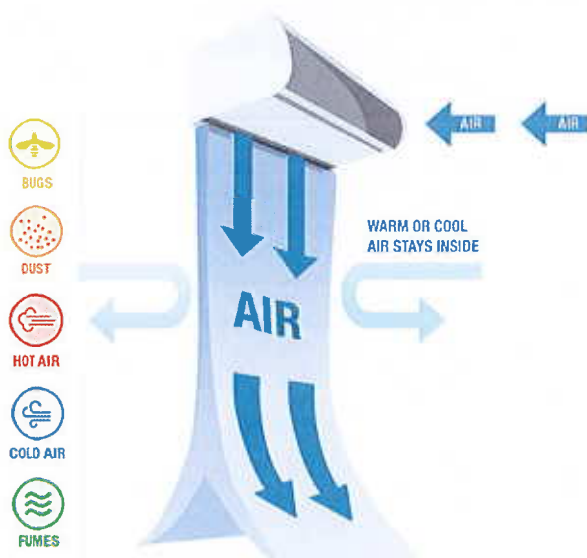
The true measure of any air purifier's efficiency is the MERV rating assigned to it. This is the Minimum Efficiency Reporting Value, and this value is indicative of the technology's ability to trap particles in a variety of sizes.

Element 7 will use MERV-13 Filters. Anything above a 13 MERV Rating is considered to be a High-Efficiency Particulate Arrestance (HEPA) Filter, often used for hospitals and scientific research lab applications.

A filter with a MERV rating of 13 captures particles greater than 0.3 micrometers. This includes bacteria, droplets from sneezing, smoke, and most other sources of pollution. This level of filtration is used in patient and surgery areas of hospitals.

Air Curtains

An air curtain, also known as an 'air door', employs a controlled stream of air aimed across an opening to create an air seal. This seal separates different environments while allowing a smooth, uninterrupted flow of traffic and unobstructed vision through the opening. Because air curtains help to contain heated or conditioned air, they provide sizable energy savings and increased personal comfort when applied in industrial or commercial settings. Air curtains also help to stop the infiltration of pollutants and flying insects.



Air Curtains are used for a number of functions by Element 7:

- Energy efficiencies through control of air transfer
- Energy efficiencies due to shorter run times of air handler or compressor
- Maintain employee/customer comfort
- Reduce flying insect infiltration
- Unhindered traffic flow
- Unobstructed visibility across the threshold
- Increase productivity due to stable temperatures
- Maintain usable space around the door
- Elimination of ice and fog in cold storage areas

Air Quality Enhancing Plants

NASA has been studying the effects of plants on air quality for about twenty-years and their research confirms: common houseplants are natural air purifiers.

While the original research was aimed at finding ways to purify the air for extended stays in orbiting space stations, the findings are important for us on Earth as well. The following plants are documented as being especially good at improving indoor air quality and will be used within the interior design of Element 7's facilities:

- Aloe Vera
- Bamboo Palm
- Peace Lily
- Spider Plant
- Parlor Palm
- Red Emerald Philodendron
- Gerbera Daisy

Ecosorb CNB100

Element 7 will use Ecosorb CNB100, a proprietary formulation of several essential oils and food grade surfactants used as an alternative in many applications to the traditional forms of odour control. It is most often applied via atomization where it attracts whatever is in the atmosphere, removing odors quickly. In the cannabis industry, Ecosorb CNB100 will remove all cannabinoids, terpenes and sesquiterpenes.

Ecosorb products do not contain harsh chemicals or synthetic fragrances. They are safe for use around people and animals. The distribution of Ecosorb requires no added water, thanks to advanced Vapor Phase technology.

Odor Management Services

Element 7 will retain the services of a 3rd party pest and odor management professional. This professional will perform inspections to identify sanitation, structural, and storage efficiency options and make recommendations to Element 7 for any adjustments or improvements.

Summary

Early planning is the key to effective odor control for cannabis operations. Element 7 will use a matrix approach to controlling odor - leveraging both mechanical means



to control odors, as well as filters, scrubbers, plant-based solutions, air curtains, food grade surfactants and professional third party consultants.

