

BUSINESS PLAN:

A plan describing how the commercial cannabis business will operate in accordance with this code, state law, and other applicable regulations. The business plan must include plans for transporting cannabis and cannabis products to and from the cultivation/manufacturing site.

Embarc is proposing to operate a retail dispensary with delivery service in the City of Colusa. As further detailed below, Embarc's operational plan has been designed to comply with all State and local regulations. It serves as a realistic model of operations developed through a collaborative process. Importantly, this plan will continue to be refined as it is informed by operations.

True compliance is predicated on a commitment to continuously innovate and refine to ensure best practices are easily implemented, maintained, and become a lived value rather than simply a mandate. Embarc has implemented industry-leading best practices perfected over decades of collective operational experience at some of the State's most respected dispensaries, along with input from our team, which has been responsible for more than 2,000 retail stores across the globe, and valuable lessons learned from successfully operating Embarc's existing retail footprint of 16 operational stores.

Embarc's operating procedures and best practices are contained in our business plan, operating plan, employee handbooks, employee training program, and numerous other resources. In total, there are over **450 pages** of material specific to Embarc's operating procedures, policies, and best practices. Given that many of these materials are proprietary and this business permit application is subject to a Public Records Act request, and in deference to the need for succinct application materials, we have included a detailed overview of how Embarc's best practices have been included in the Standard Operating Procedures (SOPs) informing day-to-day operations for a retail and delivery business.

We welcome the opportunity to provide more detail on Embarc and its proposed operations in Colusa at any time and full copies of policies and manuals from our robust library of information are available to the City of Colusa upon request.

PHYSICAL FUNCTIONALITY

Our layout and customer flow have been designed to maximize security, compliance, and an optimal consumer experience. This concept has been proven in other communities—the concept is predicated on the following customer flow and experience:

1. GREETED: Guests are buzzed into the Screening Lobby, where they are welcomed by staff and undergo immediate identification and age verification. While this is a strict compliance protocol, staff are trained to ensure this is a warm and inviting experience.

2. INTRODUCED: Once identification and age are verified and based on customer flow in the Retail Sales Area, guests will either move directly from the Screening Lobby into the Retail Sales Area or stay in the waiting area until space permits. The waiting area of the Screening Lobby has been designed with the customer in mind. Here you will find educational materials regarding cannabis as well as community-specific activations and installations.

3. GUIDED: After entering the Retail Sales Area, guests will approach the countertop, where they are greeted by a retail sales associate, called a "Guide." Guides take the guest through product selection, answer questions, and provide individualized suggestions. If there is a line of customers when a guest first enters the Retail Sales Area, the guest will queue until called up to the counter by a Guide.

4. CHECKOUT: Once the customer has selected products, the Guide will obtain the products and facilitate the transaction at a point-of-sale station.

Purchased products are placed into an opaque exit package and guests are reminded to always keep their products stored in the product's compliant child-proof packaging to prevent accidental youth access. The easily identifiable exit package allows Security Officers to monitor customers exiting the building.

5. EXIT: Guests are thanked for coming and are directed to exit through the exit path. Customers will not be permitted to loiter on the property.

CUSTOMER CHECK-IN PROCEDURES

Embarc utilizes state-of-the-art technology, security, and customer experience protocols to ensure no person under the age of 21 (or 18 with a valid physician's recommendation and/or medical card) is permitted to enter. These protocols have been proven to ensure no person enters the Retail Sales Area until their identification has been verified, including age, identity, and validity of medical recommendation, if one is provided.

Guests will enter utilizing the designated main entrance to the building, where signs will be posted clearly and legibly stating that no person under the age of 21 is permitted to enter. The premises will have a clearly labeled entrance door, which will lead into the access-controlled reception area, Screening Lobby, that will remain electronically locked and under Embarc's control during all business hours (with deadbolt security after-hours).

The entrance into the building will be locked at all times, with entry strictly controlled. A robust surveillance network complemented by viewing stations will allow for pre-screening of those approaching the business, ensuring only those who can be certainly identified on camera will be granted electronic access into the Screening Lobby to initiate the check-in process and that youth are not able to access even the waiting area.

Upon entry, a guest is greeted in the secure Screening Lobby area by a reception employee

who visually inspects the guest's identification card before scanning it into Treez (Embarc's track-and-trace/point-of-sale) software, which automatically inputs necessary identity verification and compliance information into our point-of-sale (POS) system. As a redundant layer of security, the reception employee also scans the identification card using a portable age verification device such as the CAV-2000 (or a similar model, depending on best-in-class technology at the time of operations). Acceptable forms of identification include:

- A document issued by a federal, State, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle operator's license, that contains the name, date of birth, height, gender, and photo of the person;
- A valid identification card issued to a member of the Armed Forces that includes the person's name, date of birth, and photo; or
- A valid passport issued by the United States or by a foreign government.

To protect against any guest accessing the Retail Sales Area prior to identification verification, the Screening Lobby is secure without any access capabilities unless buzzed through the locked door by the Security Officer or reception employee, which only occurs after identification verification is complete.

Medical Patients & Caregivers

If the potential customer is between 18 and 20 years old (and thus only able to access the facility as a medical patient or caregiver), Embarc will confirm the customer's possession of a valid identification card utilizing the process outlined above as well as a physician's recommendation and/or Medical Marijuana Identification Card using a protocol that exceeds State regulations. Pursuant to State law, physician's recommendations will not be obtained or provided at our location. No person under the age of 21 will

be allowed access to the Retail Sales Area without the following verification protocol:

1. If the patient produces a physician's recommendation, staff will verify that the doctor's license is active and in good standing using the California Medical Board's online license verification program, BreZE; and upon verification that the physician's license is in good standing and active, the staff member will utilize the online verification system provided by the doctor to verify that the medical recommendation is valid. If no online platform is available, the staff member will call the physician's office and manually verify the recommendation.
2. If the patient produces a State-issued medical identification card, the staff member will utilize the official website administered by the California Department of Public Health to verify the patient's identification card using the assigned nine-digit Unique User Identification Number.

Once the above procedures are complete, the following outcomes are possible:

- The patient is properly verified, their information is entered into the Treez system, and their records are stored in a HIPAA-compliant database to meet State guidelines for record retention, or
- The patient's verification fails, and they are asked to promptly leave the premises and only return with valid documentation.

Once age and identity verification are complete, the reception employee completes the guest's profile, including contact information in case of a product recall and should the guest want to join the Passport Club, Embarc's proprietary customer loyalty program. This information is properly stored pursuant to all cannabis and general advertising laws and regulations. The guest is then buzzed into the Retail Sales Area, where they are greeted by a Guide (retail sales associate) or, if at capacity, are invited to wait in the Screening Lobby

seating area. The patient will be asked to show the government-issued identification and, if applicable, a doctor's recommendation or MMIC card again at the POS station at the time of purchase.

POINT-OF-SALE

Embarc will seek approval from the City to utilize Treez as its point-of-sale (POS) system in Colusa. Treez is an enterprise-quality retail management software built using the most sophisticated security systems available to increase security and productivity, resulting in faster transaction times and more secure monitoring.

Treez tracks and reports on all aspects of commercial cannabis activity, including but not limited to, cannabis tracking, inventory data, gross sales (by weight and by sale), and other information deemed necessary by the city. Embarc will ensure that the Treez system is compatible with the City's record-keeping systems and can produce historical transactional data for review.

Treez POS software manages and stores transaction information, including records, reports, manifests, and any other documents generated by Embarc. Per State requirements, this data is stored both physically and electronically in the cloud for a period of at least seven years. Importantly, Treez maintains the confidentiality of all customer and patient data and records.

Treez is an integrated software platform that automatically enforces best practices with a focus on compliance and loss prevention. Unique features of the Treez system include, but are not limited to, the following:

ACCURACY: Customizable inventory locations mirror the physical workings of the store and segment inventory by medical or recreational status, fulfillment type, or sales channel to ensure accurate inventory at all times.

FULFILLMENT: A centralized dashboard streamlines processes across in-store, express, pick-up, and delivery orders and captures orders from all eCommerce marketplaces and fulfills them from a single place to ensure real time inventory management.

COMPLIANCE: Built-in tools to safeguard against selling over State-specific purchase limits, dynamic tax collection based on product type, customer classification, and delivery destinations, real time sale reporting to CCTT-MetrC, and insulation from track-and-trace outages using the proprietary TraceTreez automation layer.

Treez Interaction with CCTT-MetrC

Embarc will create and maintain an active and functional account within the CCTT-MetrC system prior to engaging in any commercial cannabis activity. Once the Embarc accounts and systems are linked, the Treez system utilizes an Application Programming Interface (API) to facilitate a direct online connection to the California Cannabis Track-and-Trace system (CCTT-MetrC), the State's track-and-trace platform.

Treez will then automatically interface with and push all the sales data to CCTT-MetrC in real time. This enables sales data from Treez to be uploaded directly to CCTT-MetrC, reducing the risk of diversion, loss, and theft while maintaining the integrity and safety of cannabis products as they move through the supply chain. Furthermore, Treez allows Embarc to remain compliant with requirements that commercial cannabis businesses must have an accounting software system in place to provide POS data as well as audit trails for both product and cash, where applicable.

Embarc will designate one individual owner as the CCTT-MetrC account manager. The account manager may authorize additional owners or employees as system users and will ensure that each user is trained on the system prior to its access or use. This designated track and track account manager will be responsible for ensuring

that the Treez system conducts all required reporting to the DCC.

Embarc will monitor all compliance notifications from the system and timely resolve the issues detailed in the compliance notification. Embarc will keep a record, independent of the system, of all compliance notifications received from CCTT-MetrC, and how and when compliance was achieved. If Embarc is unable to resolve a compliance notification within three business days of receiving the notification, we will notify the DCC and local authorities immediately by submitting the appropriate Notification and Request Form. Embarc is accountable for all actions its owners or employees take while logged into or using the system, or otherwise while conducting track-and-trace activities.

OPENING & CLOSING PROCEDURES

Embarc's opening and closing procedures have been developed by our security, operational and compliance teams to ensure the protection of public and employee health, safety, and wellbeing. These policies have been tested through Embarc's existing operations and are thus a realistic model of functional best practices.

Opening Procedures

ARRIVAL & EXTERIOR INSPECTION: Opening shifts begin one hour before the shop opens to ensure ample attention to detail for opening procedures. Security is directed to arrive fifteen minutes prior to the first employee's arrival to conduct a visual inspection of the premises. The Opening Manager also conducts a visual inspection from the safety of their vehicle upon arrival. If any signs of forced entry or suspicious persons or circumstances are observed, or if the security detail is not present, the Manager will retreat and summon the contracted private patrol operator or police, as appropriate for the circumstances.

ENTERING & DISARMING: Security and the Opening Manager enter the store, close and re-

lock the lobby door, and disarm the premises alarm. Security opens any security gates and window coverings; however, access doors remain locked. The Opening Manager prepares the site for opening shift employees, including checking that all door locks, cabinet locks and safes are in operable condition and free of tampering; checking cameras for functionality; and verifying that all emergency egress pathways are unobstructed. The front door of the store remains locked until opening.

OPENING SHIFT ARRIVAL: Opening shift employees may access the building via the secure employee access area. Electronic access cards ensure that employees are only eligible to enter the premises within one hour of the store opening and one hour of the store closing to prohibit after-hours or unauthorized access. This ensures sales associates cannot enter the store without security and management onsite. Furthermore, employees have different access levels based on their position. Access cards utilized by Guides will only allow access to the employee limited-access area but are not valid to access managerial areas and secure storage.

The opening shift prepares the store by disinfecting all high-touch surfaces, dusting cases, cleaning glass, cabinetry and displays, and setting up registers. Technology, including point-of-sale systems, receipt printers, barcode scanners, music players, and the ATM are powered on, systems are booted up, and manual checks occur to ensure no technology glitches. The Manager or Lead Guide ensures all laptops and telephones have charged overnight and are in their respective areas prior to opening. Additionally, given the City's preference for all inventory to remain enclosed during non-operational hours, employees will restock the front of house using Embarc's restocking protocol, perfected in existing operations and further detailed in response to Question 7 later in this section regarding secured product during non-business hours.

During store preparations, the Manager double counts the cash drop from the previous night in the secure room and records it in the Cash Log. Once the deposit is confirmed, the Manager takes cash drawers out of the safe and counts each drawer to \$200. The drawers are handed to individual sales associates to double count before they "open" their cash register terminal. It is critical to include sales associates in this process to ensure they take accountability for proper cash handling procedures.

Opening activities are encapsulated in an Opening Checklist that is laminated and physically checked off by the team as each task is completed. This ensures all tasks are adequately addressed and allows the team to work together to achieve shared goals by dividing and conquering to maximize cooperation and efficiency.

MORNING HUDDLE: Once the Manager has completed all tasks in the secure room, they update the "daily updates" board with relevant information. Just before opening, the team conducts a morning huddle. This meeting is ten minutes long and covers topics including break schedules and floor assignments. We also utilize this time to talk about new product education, specials for the day, and industry or operational updates. Huddle meeting topics are added to a touchdown sheet that is reviewed with each employee at the start of their shift so mid-shift and afternoon shifts are provided this information as well. Once the meeting is complete, the Manager checks the shop voicemails and responds to any messages as needed. We have found that customers leave messages asking for information and/or stocking questions, and by committing to respond to every voicemail, we are building relationships and loyalty with customers.

TAKE YOUR POSITIONS: The team usually spends the final minutes quizzing one another about new products and providing reviews. This is critical information sharing and is helpful when assisting customers navigate product selection. At opening,

security unlocks the deadbolt of the front door and employees take their respective positions to begin welcoming patrons into the store.

Closing Procedures

Closing procedures are overseen by a Store Manager and security officer with specific tasks for all employees. Closing procedures typically take approximately 30 to 45 minutes depending on the size of the team at closing. Embarc initiates “last call” fifteen minutes prior to the shop’s closing time. In instances where a high volume of customers approaches the business as closing nears, we have a policy of “fair but firm” that has worked well in our existing operations—ensuring strict compliance with all laws regulating transaction cutoff times while also facilitating final transactions. Once closed, team members work together to execute closing procedures:

ACCOUNTING: The Closing Manager is responsible for overseeing cash drawer reconciliation, and they close each cash drawer while having the employee assigned to each drawer confirm that the cash matches daily sales. Including employees in cash drawer verification is critical to instilling a sense of accountability. Our point-of-sale system monitors all cash in each cash drawer and alerts managers in real time if any cash drawer exceeds the on the floor limit. If notified during working hours, managers then remove the cash drawer, immediately replace it with a cash drawer insert with a smaller quantity of cash and place the overfull cash drawer into the safe. After closing, cash drawers are counted and removed but are not replaced so there is no cash in cash drawers overnight. This cash is included in the daily tally, which is notated, bagged, signed by the Manager, and kept in the safe as the “daily drop.” This drop is placed in a secure deposit bag in our safe, to be counted and confirmed a second time in the morning by a different Manager.

CLEANING: While the Manager is reconciling the day’s cash, the closing team is sweeping, dusting, and cleaning glass. All high touch surfaces are

disinfected, and technology is powered down including the ATM and music system.

INVENTORY: The day’s remaining inventory is straightened and organized on the sales floor. The bulk of cannabis inventory is secured within the Secure Product Storage Room.

DAILY EMAIL: The closing Manager sends an end of day shift summary email to ensure all managers are apprised of relevant information. The email includes staffing insights, new products or sales trends and reminders for the rest of the management team. With this daily communication, our management team is fully informed of notable instances that occur when they are not in the store.

SECURING THE PREMISES: The Closing Manager collects all access badges in secure storage. Additional closing procedures performed by the Manager include securing any records into their respective locking cabinets or filing systems; logging out of any software, verifying proper functioning and no obstructions of all surveillance cameras; verifying functioning of exterior lighting; and verifying all interior doors, cabinets and safes are closed and locked. The Manager then turns off appropriate interior lighting, arms the premises alarm system, and walks out with the staff and security officer.

Employee safety is imperative, and no employee is ever onsite without a security officer present. Closing employees are expected to never leave the shop for the night alone but rather to leave as a group and only with the security officer present. Security accompanies the group to each employee’s car and ensures everyone leaves the shop safely.

BEING MINDFUL: After closing, employees and managers are trained to be cognizant of security risks while driving home. Perpetrators may falsely assume employees are traveling with cannabis products and/or currency. Consequently, staff is

instructed to watch for vehicles that may be following them, to vary their routes, and to have pre-designated safety zones (locations with heavy police/security presence) identified along their path home for use if they believe they are being followed. Examples of such safety zones include police departments and hospitals with emergency rooms.

Opening and closing procedures are encapsulated in morning and evening checklists and overseen by the opening and closing managers. The team practices these procedures for at least one week prior to a new store opening as part of training. This ensures the team has a full understanding of all protocols and policies and understands the importance of strict adherence to these procedures.

HOURS OF OPERATION

Embarc anticipates operating between the hours of 8 am and 8 pm pursuant to Colusa Municipal Code for both retail storefront and delivery activities. Embarc acknowledges the City may impose more restrictive hours as a condition of the permit, and if so, Embarc will comply with those new hours.

EMPLOYEE ROLES & RESPONSIBILITIES

Embarc anticipates 13 employees at the time of opening and will scale to meet demand as data is gathered through operations; we are estimating this at 16 employees by year 5. These roles will be supported by ownership, which exists in service to the retail team.

The following provides a brief overview of all positions and responsibilities:

GENERAL MANAGER: The General Manager is responsible for overseeing day-to-day operations, including Store Managers and staff across sales, inventory, community, facilities, accounting, marketing, public relations, and more. This role is

responsible for successfully developing and implementing strategies to constantly improve the business through merchandising, inventory, expense control, human resources management, and operational management. Importantly, this role is also ultimately responsible for ensuring strict adherence to all State and local laws and regulations pertaining to cannabis and business operations. Critical functions of the General Manager role include, but are not limited to:

- Embodying our values and leading in a positive and respectful manner;
- Ensuring compliance with all laws, policies, and procedures through regular store management and staff meetings, store walk-throughs, audits, etc.;
- Confirming daily cash receipts ensuring monies are deposited regularly, and reports are submitted as prescribed by company policies;
- Analyzing and measuring business trends;
- Developing and implementing plans to meet or exceed goals and objectives;
- Continually evaluating employee and store performance and recruiting, inspiring, and training management candidates to grow from within; and
- Liaising with law enforcement, vendors, and community members as needed and through the lens of being proactive rather than reactive to opportunities, needs, and requests.

STORE MANAGERS: Managers focus on customer satisfaction, daily operations, and operational flow. Based on each focus area, Managers are assigned specific roles and responsibilities necessary for the effective execution of their role. Critical functions of the Store Manager role include, but are not limited to:

- Maintaining a compliant work environment through coordination with the General Manager on daily, weekly, quarterly, and annual audits and spot checks;

- Motivating a positive team through communication, incentives, and evaluations;
- Confirming daily sales reports and cash receipts ensuring monies are deposited regularly, and reports are submitted as prescribed by company policies;
- Addressing customer needs and resolving issues, ensuring positive relationships;
- Ensuring inventory data is correct by performing inventory counts and checks;
- Executing employee volunteerism program with enthusiasm, inclusivity, and sensitivity;
- Maintaining communication with community members, stakeholders, and customers to ensure Embarc is a welcoming environment that is responsive to local needs; and
- Liaising with law enforcement, vendors, and community members as needed and through the lens of being proactive rather than reactive to opportunities, needs, and requests.

LEAD GUIDES: Lead Guides support the General and Store Managers in ensuring that all daily operating procedures are performed as required while promoting a company image of excellence through a strong work ethic, leadership by example, and the consistent delivery of impeccable customer service and store visual presentation. This role will also maximize sales through the development and supervision of sales staff. Lead Guides are responsible for ensuring transactions are carried out in compliance with all applicable laws and regulations. Critical functions of this role include, but are not limited to:

- Implementing operational rules, regulations, policies, and procedures;
- Supervising, managing, and directing the activities of the Guides (sales team);
- Implementing company policies and ensuring staff adheres to best practices;

- Maintaining in-depth knowledge of all inventories, products, and trend knowledge;
- Assisting in employee performance reviews; and
- Assisting in hiring and training new employees.

The Chief Executive Officer participates in quarterly “all hands” meetings with staff to lead ongoing training, facilitate educational modules, and ensure coordination and collaboration among the team.

INVENTORY SPECIALISTS: Under the direction of and in coordination with the Inventory & Purchasing Manager, Inventory Specialists maintain the organization’s inventory by managing and supplying necessary items while maintaining accurate records of all procurements. Critical functions of the Inventory Specialist include, but are not limited to:

- Assisting with product intake;
- Providing inventory reports to the Inventory Manager;
- Developing and maintaining good working relationships with vendors;
- Maintaining accurate daily records of goods received;
- Managing and maintaining the inventory system;
- Facilitating upgrades to related databases and/or software under the direction of the Inventory & Purchasing Manager;
- Conducting frequent spot and partial audits of physical inventory;
- Assisting with weekly physical inventory audits;
- Leading education and training on all products for staff; and
- Compiling delivery orders.

GUIDES (RETAIL SALES & DELIVERY ASSOCIATES): Retail Sales and Delivery Associates, or Guides, work closely with customers to determine needs, answer questions, and recommend the right

products. This role will promptly resolve customer issues and ensure maximum client satisfaction. Guides must maintain up to date knowledge of product features and maintain the store's visual appearance. Critical functions of Guides include, but are not limited to:

- Friendly check-in with customers while scanning identification into the POS system;
- Ensuring high levels of customer satisfaction through excellent sales service;
- Assessing customers' needs, providing assistance and information on product features;
- Maintaining in-stock and presentable condition of assigned areas;
- Actively seeking out customers in store;
- Remaining knowledgeable on products offered and discussing available options;
- Processing purchases;
- Handling customer returns using the compliance protocol and SOP; and
- Maintaining a neat and orderly work environment, including participation in the store cleaning and disinfecting protocols.

Guides are cross-trained to engage in both retail and delivery activities because it is critical that all employees have a thorough understanding of all products and modalities Embarc carries. Regardless of whether engaging with a customer in the store or on a doorstep, it is important for our team to be communicative and capable of answering questions rooted in extensive retail training.

RECEIVING DELIVERIES

Embarc has developed proven delivery receipt protocols through existing operations that maximize public health and safety and eliminate impacts to neighboring uses. Embarc will confirm that we have already received the specific shipping manifest and certificate of analysis (COA) via CCTT-Metric prior to a scheduled delivery of a shipment of cannabis goods. As an additional layer of

security as part of our daily rolling inventory reconciliation process, the Inventory Manager will perform package counts on all current inventory and ensure labels and actual weights are reconciled before accepting any new inventory to more easily identify discrepancies.

Embarc will not accept any delivery of cannabis or cannabis products without receiving a copy of the shipping manifest and COA containing necessary and accurate information from the licensed distributor or licensed microbusiness authorized to engage in distribution responsible for making the delivery at least 24 hours prior to delivery.

Embarc will receive shipments of cannabis goods only from licensed distributors and/or licensed microbusinesses authorized to engage in distribution and only during business hours with advance notice. Shipments will enter the licensed premises through the secure delivery area.

Distribution schedules will be varied and will be maintained in confidence and only released to those with a business need-to-know in the moments prior to receipt of a distribution. Distributors will be required to notify Embarc of the approximate delivery time and shall include the name and photos of the distribution drivers scheduled as part of the pre-scheduling process. Distributors will be required to make telephonic notification 10 minutes in advance of their anticipated arrival. At that time, the Manager will alert the Patrol Security Guard of the imminent arrival, providing the Security Guard with the name and photo of the expected driver.

The Security Guard will meet the distributor and will verify that the party presented matches the information provided by the Manager. If there is a mismatch, the Security Guard will collect driver's license information from the distributor and communicate it to the Manager by radio for validation by the distributor.

Once validated, the Security Guard will allow the distributor into the licensed facility. The Manager will proceed to the Loading & Unloading Area. The Security Guard will remain in the area to monitor the delivery.

The vendor will be logged. Goods will be inspected for completeness, condition, and compliance. Compliant goods will be accepted and transferred into the track-and-trace account of Embarc. The door from the Loading & Unloading Area to the Intake Area will remain closed and locked until the distributor has vacated the premises following the transfer. The Security Guard will escort the distributor out of the building and thereafter, the Security Guard will resume their duties.

Shipments of cannabis goods will be inspected for freshness and cannabis goods that have exceeded their expiration or sell-by date will not be accepted. Per State regulations, a shipment will either be accepted or refused in full.

Embarc will only accept deliveries during daylight hours and at staggered times to prevent predictability. Embarc will not allow shipments of cannabis goods to enter the licensed premises through an entrance or exit that is available to the public and will only accept deliveries through the secure vendor entrance.

Embarc will inspect and accept the inventory in a limited-access area and under video surveillance. This area will be segregated from the rest of the premises to ensure delivery personnel do not have access to the inventory room or any other aspect of operations, further enhancing product security during intake.

Embarc will not engage in any packaging or labeling of cannabis or cannabis products and will not accept any cannabis or cannabis products from a distributor that are not packaged for final sale in a compliant manner. If an employee discovers a defect or nonconformity in an inventory shipment, they will refuse it. Furthermore, Embarc will not

accept goods that have not passed laboratory testing as documented by a COA.

Inventory Management

When a shipment of cannabis goods arrives, Embarc will inspect the scheduled delivery's inventory and verify that the distributor or microbusiness authorized to engage in distribution has provided a hard copy shipping manifest. The hard copy shipping manifest will be inspected to verify that the shipping manifest contains the following information: name and type of the cannabis goods, UIDs of the cannabis goods, amount of cannabis goods by weight or count, total wholesale cost of the cannabis goods, estimated times of departure and arrival, actual time of departure and arrival, name, license number, and address of all licensees involved, such as the cultivator, the transporter, driver's license number of anyone driving the transport vehicle and make, model, and license plate number of the vehicle used for transport. When information in the shipping manifest is suspect or inaccurate, Embarc will seek clarification or correction from the distributor but refuse acceptance if warranted.

Embarc will reconcile all cannabis product package counts, labeling, and actual weights of the incoming shipment against the shipping manifest and CCTT-Metrc. When there is a discrepancy in weight or package reconciliation, Embarc will record and document the discrepancy in the Treez system which also serves as its chosen internal seed-to-sale tracking system in CCTT-Metrc and report the discrepancy to the Inventory Manager.

Embarc will inspect the shipment of cannabis or cannabis goods for freshness. When cannabis or cannabis goods have exceeded their expiration or sell-by date, Embarc will not accept them. Embarc will inspect the shipment's labeling and packaging and ensure that all cannabis or cannabis products are labeled and packaged for final sale. When there is a defect to a label or package, or any is missing, Embarc will refuse the shipment.

Embarc will confirm that cannabis goods in the shipment have all passed required testing. If the products have not passed testing, Embarc will refuse the shipment. If the physical shipment and the shipping manifest are accurate, Embarc will sign the manifest. If the products or paperwork do not meet the above standards and Embarc refuses the shipment, we will record the refusal in CCTT-Metric and indicate on the relevant manifest, invoice and/or sales receipt the specific reason for rejection.

Embarc will follow detailed steps as further outlined in our SOPs to accept a transfer in CCTT-Metric, will immediately place the inventory in the designated Secure Product Storage Room and will retain the manifest, bills of lading, any certificates of analysis, and any sales invoices or receipts in Embarc's inventory tracking records for seven years. We will ensure that all records are legible, securely stored and are easily accessible upon request from local and/or State regulators.

Types of records produced and maintained when acquiring new inventory will include a shipping manifest, a sales invoice or receipt, a bill of lading, and a COA. The sales invoice or receipt will disclose, at minimum, Embarc's legal business name and license number.

COMPLIANCE WITH LOCAL & STATE REGULATIONS

We will ensure that Embarc Colusa is operating in a manner compliant with all applicable State and local laws, including the Medical Cannabis Collective Laws, the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), any subsequently enacted State law or regulations, licensing requirements, City of Colusa Cannabis Ordinances and Zoning: 12D – Cannabis Dispensaries, 12E – Personal Cannabis Cultivation, 12F – Cannabis Business Regulatory Permit, Zone Article 21.5 – Cannabis Regulations, and Zone Article 33 – Use Permits, and any specific additional operating procedures or requirements

which may be imposed by the City. The Department of Cannabis Control (DCC) has established nearly 250 pages of detailed regulations governing commercial cannabis activity, and Embarc has deep experience managing compliance with these regulations across 16 operational storefronts. Our team's proven track record demonstrates our ability to navigate these extensive regulations, ensuring that all operations meet the highest standards of safety, compliance, and efficiency. We understand the State and local regulatory landscape has been designed to protect the health and safety of employees and the community at large.

Operating a cannabis business is a privilege, not a right, and strict adherence to all laws and regulations is a cornerstone of our ability to operate. Given this dynamic, we approach compliance through the ethos that we are only as strong as our weakest link, i.e., having the best SOPs and compliance checklists in the world is meaningless if the team does not understand, implement, and live compliance through consistent action. That means conformance with all laws starts with meaningful initial training and ongoing education.

Given our team's experience as architects of California's legal cannabis regulatory landscape, Embarc's team members have been and continue to be at the forefront of compliance and regulatory development. Owners of Embarc helped draft the Medical Marijuana Regulation and Safety Act (MMRSA), Proposition 64 (2016), the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), and the implementing regulations promulgated by the three State licensing authorities: California Department of Food and Agriculture (CDFA), DCC and Manufactured Cannabis Safety Branch (MCSB) of the California Dept of Public Health (CDPH).

Owners of Embarc were involved with the consolidation of the three regulatory agencies overseeing commercial cannabis activities at the

State level and are actively engaged in the subsequent regulatory “clean up.” We will continue to engage in this critical work, analyzing the status of relevant pending State and local cannabis bills and regulations; working collaboratively with the industry and regulatory agencies; and developing industry best practices.

This cannabis regulatory development experience has taught us that true compliance requires a combination of skills—lawyers and regulatory experts shaping the policies, procedures, and checklists, as well as human resources and training professionals that translate technical language into practical tools to support daily operations.

Sustained Compliance Performance

Embarc maintains a robust Compliance Team dedicated to ensuring ongoing adherence to all state and local laws across every level of the organization. Across all operational storefronts, Embarc maintains full alignment with Department of Cannabis Control (DCC) regulations as well as applicable local ordinances. Compliance responsibilities are centralized under our Director of Operational Compliance, Director of Licensing, and General Counsel, who work closely with our Chief Compliance & Strategy Officer and Chief Executive Officer to ensure every operational practice meets or exceeds state and municipal standards.

This coordinated structure ensures seamless compliance across more than a dozen jurisdictions, each with its own regulatory framework. Our internal processes verify conformance with local regulations, conditions of approval, security requirements, and neighborhood compatibility expectations. Simultaneously, our team manages DCC obligations such as METRC reporting, employee training, packaging and labeling compliance, and consumer safety protocols.

To operationalize compliance in daily practice, Embarc employs a layered accountability framework that combines task management and

digital documentation tools, including Zipline (our retail management and communication platform) for compliance task verification and store-level audits. Our compliance leadership conducts routine internal audits to identify potential gaps, refine SOPs, and ensure all employees maintain a clear understanding of current regulations. This proactive and preventive approach ensures Embarc not only remains in full compliance, but also continues to set the benchmark for responsible, transparent operations aligned with evolving state and local policy objectives.

The Compliance Team leverages an ongoing feedback loop from store leadership to continuously refine training, checklists, and compliance tools based on real-world operational experience. This iterative process ensures our systems remain adaptive, effective, and reflective of the highest regulatory standards. Embarc will employ the below strategies and tactics to maintain compliance. These strategies are briefly summarized below due to spatial constraints.

As such, Embarc maintains a robust team dedicated to ensuring ongoing compliance at every level of the organization and leverages an ongoing feedback loop from the store team on what is working and where improvement is needed to continuously inform how we enhance our training, protocols, checklists, and other compliance tools to be most effective. Embarc will employ the below strategies and tactics to maintain compliance. These strategies are briefly summarized below due to spatial constraints.

A HOLISTIC APPROACH: Detailed SOPs are developed by a six-person compliance team and include topic-specific guidance as well as actionable documents for use in the stores based on operational needs. Key components of this holistic approach include:

- A compliance memo developed for each location specific to the business’s unique needs;

- SOPs covering all retail and delivery operations;
- Daily, weekly, quarterly, and annual compliance checklists and audits through our retail management platform, Zipline;
- Consistent coordination between the Compliance Team and the store team to provide additional resources based on on-the-ground needs;
- Ongoing compliance audits to identify any areas where procedures need to be adjusted, where confusion may occur, or where additional resources must be allocated; and
- In-store compliance training before every store opening and during ongoing team meetings.

Embarc takes compliance audits seriously and promptly addresses any deficiencies found. Within 48 hours, the Compliance Team meets to discuss and remedy the issue, a revised SOP is generated, and pushed to all stores, if necessary. Employees are trained on the new SOP during their next scheduled shift to avoid future issues.

Embarc seeks to strike the balance between aggressively pursuing strict compliance with creating a safe space for the team to ask questions, suggest revisions, and otherwise feel that compliance is approachable rather than intimidating. For that reason, compliance is treated as an ongoing conversation.

RIGOROUS ONGOING TRAINING & EDUCATION:

To ensure compliance with regulations, consistency is essential, and compliance must be a lived value rather than just a check box on a list. This means implementing initial and ongoing compliance education to keep SOPs top of mind and reinforce their importance.

Embarc Colusa's General Manager will receive in-store training at an existing Embarc location to gain real-world experience operating under our specific protocols and procedures. Members of Embarc's

leadership team will attend and co-lead the new store orientation and training alongside the Colusa General Manager to share best practices and provide resources for improving the operationalization of the store. This approach helps ensure that compliance is a lived value and it facilitates information sharing among Embarc leadership.

Using our "Train the Trainer" approach, after the Colusa General Manager is fully trained on all Embarc operations at existing locations, they will then be responsible for facilitating training for the Colusa team. All employees will complete training to ensure competency for their assigned functions before operations commence.

Initial training will include significant compliance and security training as part of the comprehensive multi-week training prior to opening a new store. Ongoing compliance education will include, but not be limited to, compliance quizzes, and weekly and quarterly re-trainings.

Demonstrated Experience with the Department of Cannabis Control & Local Regulatory Agencies

Beyond standard regulatory compliance, Embarc has developed a uniquely collaborative working relationship with the California DCC. Over the past several years, the DCC has repeatedly engaged with Embarc for field training, regulatory education, and special event licensing, reflecting our reputation as a trusted operator with exemplary compliance systems. Our stores are recognized by the DCC as real-world examples of how regulated retail cannabis can operate safely, transparently, and in alignment with both the letter and spirit of state law.

EMBARC SACRAMENTO: Our Sacramento location, situated near the DCC's headquarters in Rancho Cordova, has become a hub for regulatory collaboration and education. DCC inspectors and staff frequently use the store as a live training

environment, allowing new inspectors to observe compliant operations in real time, including age verification, inventory management, track-and-trace procedures, and sales transactions. In August 2025, the DCC filmed an educational video for its Retail ID Campaign inside the store, demonstrating how Metrc's Retail ID system enhances transparency, traceability, and consumer confidence. The video highlights the consumer experience, showing how Retail ID QR codes link directly to certificates of analysis, ingredient lists, and product data.

EMBARC ALAMEDA: In October 2025, Embarc's Alameda store hosted the California Cannabis Appeals Panel (CCAP) and DCC leadership for a comprehensive educational tour focused on real-world compliance execution. During the visit, our leadership team demonstrated how compliance is embedded into daily operations through technology, documentation, and oversight.

EMBARC WOODLAND: Our Woodland location exemplifies our proactive approach to public safety and local partnership through our collaboration with the Woodland Police Department. The store's exterior surveillance system is integrated with the City of Woodland's Flock Safety camera network, an advanced, citywide system that uses fixed and PTZ (pan-tilt-zoom) cameras to capture and securely share license plate and vehicle data with law enforcement. This integration allows the Woodland Police Department to access live and recorded footage from our exterior cameras in real time, supporting investigations, improving response times, and enhancing neighborhood safety. By linking our system directly into the City's Flock network, Embarc ensures full transparency and seamless coordination with local law enforcement while maintaining strict compliance with privacy and data security standards under both state and local law.

LOCAL LAW ENFORCEMENT: It is standard practice for Embarc to grant local law enforcement live feed

access to our online surveillance viewing system. This access allows police departments to monitor our exterior and interior camera systems in real time, ensuring immediate visibility into store activity when needed for public safety or emergency response. All camera systems meet or exceed the DCC's security requirements and maintain continuous, high-definition recording for a minimum of 90 days. By granting direct access to local law enforcement agencies, Embarc promotes transparency, strengthens community trust, and enhances coordination in the event of incidents. This collaborative approach has been widely praised by law enforcement partners across multiple jurisdictions.

CALIFORNIA STATE FAIR CANNABIS EXHIBIT – EMBARC EVENTS: Embarc is proud to operate the nation's first state-licensed cannabis sales and consumption venue at the California State Fair in Sacramento, in partnership with the DCC and the City's Office of Cannabis Management. Launched in 2024 and continuing through 2025, this historic activation has required an unprecedented level of coordination between our compliance team, DCC licensing officials, and multiple state and local enforcement agencies. Every aspect of the operation, from access control and ID verification to inventory tracking, odor mitigation, and waste management, undergoes multiple rounds of pre-event inspection and onsite review. DCC inspectors work directly alongside Embarc staff during event setup and live operations to verify compliance in real time.

OUTSIDE LANDS GRASS LANDS – EMBARC EVENTS: Since 2021, Embarc has served as the licensed operator of Grass Lands, the cannabis area of the annual Outside Lands Music Festival in San Francisco's Golden Gate Park. This partnership involves close coordination with the DCC, the San Francisco Office of Cannabis, law enforcement, and public health officials. Our team works through multiple pre-event inspections and rigorous compliance walkthroughs to ensure every aspect of sales, storage, and consumption adheres

to both local and state regulations. The scale of Grass Lands, one of the largest and most visible regulated cannabis events in the country, requires exacting coordination and operational precision. DCC inspectors routinely conduct onsite evaluations during the festival, and our continued record of compliance has positioned Embarc as the benchmark for safe, responsible, and community-integrated event operations statewide.

Complying with City of Colusa Cannabis Ordinances & Zoning

While the State of California's laws and regulations regarding cannabis operations are thorough, the City has taken additional steps to maximize public health and safety. Embarc will maintain strict compliance with Colusa Municipal Code and all other relevant local rules and regulations, such as local building codes and zoning ordinances as further detailed below.

Embarc has extensive experience managing 16 operational storefronts across different California communities, each of which has distinct local cannabis regulations. Our team is adept at managing these varied regulations while ensuring all store management and employees remain aware of both compliance and operational best practices. This experience positions us well to conform to the specific local laws of Colusa and ensures that our team is fully trained on how to meet all compliance requirements, including local safety and operational regulations. By combining this regulatory experience with a strong commitment to training and continuous improvement, Embarc Colusa will be fully equipped to maintain compliance with local laws while contributing positively to the community.

SEC. 12D-8. OPERATING REQUIREMENTS FOR CANNABIS DISPENSARIES

A. Compliance with Laws

Embarc's owners and operators will ensure that the Colusa dispensary operates at all times in full compliance with all applicable federal (to the

extent applicable), state, and local laws, regulations, licensing requirements, and any conditions imposed by the City as part of the cannabis dispensary permit. Embarc will also comply with any subsequently enacted laws, regulations, or operational requirements adopted by the City of Colusa.

B. Fees, Charges, & Taxes

Embarc will timely pay all City fees, charges, and applicable taxes required for the operation of the cannabis dispensary. The dispensary will also pay all applicable sales, use, business, cannabis, and other taxes required under federal, state, and local law. Embarc will cooperate fully with the City regarding any reasonable audit or review of books and records for purposes of verifying compliance with tax and fee obligations.

C. Hours of Operation

Embarc will limit public access to the storefront cannabis dispensary to the hours of 8:00 A.M. to 8:00 P.M., Monday through Sunday, or such other hours as may be expressly authorized in its cannabis dispensary permit. Delivery operations will be conducted only during permitted hours.

D. Restriction on Consumption

Embarc will strictly prohibit the consumption of cannabis or cannabis products on the premises or in any areas adjacent to the dispensary, in accordance with City and State law.

E. Outdoor Storage

No cannabis or cannabis products will be stored outdoors at any time.

F. Reporting, Tracking, & Gross Sales

Embarc will utilize a State-compliant point-of-sale and inventory tracking system capable of tracking cannabis inventory, sales by weight and transaction, and gross sales. The system will maintain historical transactional data and will be compatible with City record-keeping requirements. Records will be made available to the City Manager or designee upon request.

G. Licensed Supply Chain

All cannabis and cannabis products sold by Embarc will be cultivated, manufactured, distributed, and transported exclusively by properly licensed State-authorized cannabis businesses operating in full compliance with State and local regulations.

H. Emergency Contact

Embarc will provide the City Manager or designee with the name and telephone number (mobile preferred, if available) of an owner and/or manager who can be reached at any hour for emergency notifications.

I. Signage & Notices

Embarc will ensure all signage complies with the Colusa Municipal Code and will obtain all required City sign permits. No signage will obstruct entrances, exits, or windows. Required notices prohibiting on-site consumption will be clearly posted at each entrance.

J. Minors

Embarc will strictly prohibit access by minors except as permitted by law and will not employ any individual under twenty-one (21) years of age. Age-restriction signage will be posted at all entrances, and delivery drivers will meet all legal requirements.

K. Odor Control

Embarc will install and maintain industry-leading odor control systems, including exhaust air filtration and negative air pressure systems, to ensure cannabis odors are not detectable outside the premises or in adjacent properties or public rights-of-way. Manufacturer certifications will be provided as required.

L. Display of Permit & Business License

The City-issued cannabis business permit and business license will be posted inside the dispensary in a location readily visible to the public.

M. Background Checks

All owners, managers, and supervisors will submit fingerprints and required information for background checks conducted by the Colusa Police Department. Embarc will pay all required fees and comply with all background investigation requirements prior to permit issuance.

N. Loitering

Embarc will prohibit loitering on the premises and within fifty (50) feet of the dispensary and will enforce strict policies to ensure compliance.

O. Permits & Approvals

Prior to commencing operations, Embarc will obtain all required planning, zoning, building, and other applicable permits and approvals from the City and other relevant agencies.

ADDITIONAL DISPENSARY REQUIREMENTS (SEC. 12D-9)**Records & Recordkeeping**

Embarc will maintain accurate and complete financial, inventory, and ownership records and will provide required reports and sworn statements to the City upon request. Records will be made available for inspection within required timeframes.

Security Measures

Embarc will implement a City-approved security plan including surveillance cameras, alarms, access controls, panic buttons, licensed security personnel, secure storage, and emergency response protocols. Real-time and recorded video access will be provided to the City and Police Department as required.

Alcohol Restriction

No alcohol will be sold, dispensed, or consumed on or about the premises.

Age Verification

All customers will be age-verified prior to entry and prior to any sale or delivery.

On-Site Inventory Limits

Only quantities of cannabis reasonably anticipated to meet daily demand will be accessible in the retail area. Non-cannabis products will remain within permitted floor-area limits.

Restroom Controls

All restroom facilities will remain locked and under management control.

Packaging Compliance

All cannabis products will be dispensed in State-compliant packaging and will remain sealed until off the premises.

DELIVERY COMPLIANCE (SEC. 12D-10)

Embarc will conduct delivery operations in full compliance with State law. All delivery personnel will be Embarc employees and will verify the legal age of each delivery customer prior to dispensing any product.

OVERSIGHT, INSPECTION, & COMMUNITY RELATIONS (SEC. 12D-11)

Embarc will comply with all additional regulations promulgated by the City Manager and will participate in required community relations meetings. Embarc will designate a community relations contact, provide required outreach to nearby residents and businesses, support youth education initiatives, and fully cooperate with City inspections, audits, and enforcement actions.

Complying with State Law

The Department of Cannabis Control (DCC) has more than 200 pages of regulations governing commercial cannabis activity. For brevity, the following briefly summarizes compliance with the most relevant regulatory requirements.

§15000.1. GENERAL REQUIREMENTS: Embarc will obtain and maintain a valid license from the DCC for the premises at which commercial cannabis activity is conducted and will only conduct commercial cannabis activity between licensees.

Embarc will only conduct commercial cannabis activities authorized by the license and on the premises licensed for the activity and all transfers of cannabis and cannabis product will be conducted by a licensed distributor. Embarc license will not be transferable or assignable to another person or premises, except as provided in §26050.2 of the California Business and Professions Code (CA BPC), and in the event of the sale or other transfer of the commercial cannabis business, changes in ownership will be made in accordance with §15023. Embarc will use its legal business name on all documents related to commercial cannabis activity.

§15000.5. RESPONSIBILITY FOR ACTS OF EMPLOYEES AND AGENTS: Embarc acknowledges that the act, omission, or failure of an agent, officer, representative, or other person acting for or employed by Embarc, within the scope of their employment or office, will in every case be deemed the act, omission, or failure of Embarc.

§15000.6. AGE RESTRICTION: Embarc will not retain or employ anyone under the age of 21.

§15000.7. STORAGE OF INVENTORY: Embarc will store all inventory on the licensed premises and within a limited-access area. No cannabis goods will be stored outdoors. Employee break rooms, changing facilities, and bathrooms will be separated from all storage areas.

§15002. ANNUAL LICENSE APPLICATION REQUIREMENTS: Embarc will comply with all license submission and maintenance requirements as specified by the DCC.

§15025. ADDITIONAL PREMISES REQUIREMENTS FOR RETAILERS AND MICROBUSINESSES AUTHORIZED TO ENGAGE IN RETAIL: Embarc will only serve customers who are within the licensed premises, or at a delivery address that meets DCC requirements. Embarc will not sell or deliver cannabis goods through a pass-out window or slide-out tray to the exterior of the premises and

will not operate as or with a drive-in or drive-through. No cannabis goods will be sold to any person within a motor vehicle, except for curbside delivery conducted pursuant to §15504. Alcoholic beverages will not be stored or consumed on the premises. Cannabis goods will not be dispersed in the air by an oil diffuser or any other vaporizing device. No cannabis consumption will occur onsite unless expressly permitted as a cannabis lounge and with appropriate State and local licensing.

§15034. SIGNIFICANT DISCREPANCY IN INVENTORY: Embarc will determine whether a discrepancy in inventory is significant based upon a five percent difference between the physical inventory and the inventory recorded in the track-and-trace system.

§15036. NOTIFICATION OF THEFT, LOSS, AND CRIMINAL ACTIVITY: Embarc will notify the DCC and local law enforcement within 24 hours of discovery of any of the following: a significant discrepancy, as defined in §15034, in inventory; diversion, theft, loss, or any other criminal activity pertaining to operations; diversion, theft, loss, or any other criminal activity by an agent or employee pertaining to operations; loss or unauthorized alteration of records related to cannabis or cannabis products, customers, or employees or agents; or any other breach of security.

§15037. GENERAL RECORD RETENTION REQUIREMENTS: Embarc will keep and maintain the following records related to commercial cannabis activity for at least seven years: financial records, personnel records, training, contracts with other licensees, permits, licenses, and other authorizations to conduct commercial cannabis activity, security records, records relating to the composting or destruction of cannabis goods, documentation for data in the track-and-trace system, and all other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business. All required records will be legible and will be stored in a

secured area where they are protected from debris, moisture, contamination, hazardous waste, fire, and theft. All records are subject to review by the DCC as well as other governmental agencies.

§15039. LICENSE POSTING REQUIREMENT: Embarc will prominently display all licenses on the premises where they can be viewed by agencies and within plain sight of the public. Embarc will post its DCC-issued QR Code, where it can be scanned from outside of the premises, at the size indicated in this section and of sufficient clarity that the code can be read by a smartphone or device capable of reading QR Codes from a distance of at least three feet.

§15040. ADVERTISING PLACEMENT & PROHIBITIONS: Any advertising or marketing that is placed in broadcast, cable, radio, print, and digital communications will only be displayed after Embarc has obtained reliable up-to-date audience composition data (as defined in regulations) demonstrating that at least 71.6% of the audience viewing the advertising is reasonably expected to be 21 years of age or older; will not use any depictions or images of minors or anyone under 21 years of age; will not use any images that are attractive to children; will not imitate candy packaging or labeling or utilize the terms “candy” or “candies” or variants in spelling; and will not advertise free cannabis goods or cannabis accessories. Embarc will provide the DCC audience composition data for advertising or marketing upon request. If the DCC determines that audience composition data for advertising or marketing provided does not comply with these requirements, Embarc will remove the advertising or marketing placement. Any outdoor signs, including billboards, will be affixed to a building or permanent structure, will comply with the provisions of the Outdoor Advertising Act, commencing with §5200 of the CA BPC, if applicable, and will not be located within a 15-mile radius of the California border on an Interstate Highway or on a State Highway that crosses the California border.

§15040.1. MARKETING CANNABIS GOODS AS ALCOHOLIC PRODUCTS: Embarc will not market, advertise, sell, or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage.

§15041. AGE CONFIRMATION IN ADVERTISING: Prior to any advertising or marketing involving direct, individualized communication or dialogue, Embarc will use age affirmation to verify that the recipient is 21 years of age or older. Direct, individualized communication or dialogue may occur through any form of communication and a method of age verification is not necessary for a communication if Embarc can verify that it has previously had the intended recipient undergo a method of age affirmation and is reasonably certain that the communication will only be received by the intended recipient. Embarc will use a method of age affirmation before having a potential customer added to a mailing list, subscribe, or otherwise consent to receiving direct, individualized communication or dialogue from Embarc.

§15041.1. BRANDED MERCHANDISE: Branded merchandise (non-consumable consumer goods utilized for advertising and marketing purposes) will include Embarc's license number in a manner that is permanently affixed to the merchandise, legible, and clearly visible from the outside of the merchandise. It will not be designed in a manner attractive to children.

§15041.2, §15041.3, §15041.4, §15041.5, §15041.6 AND §15041.7. TRADE SAMPLES: Embarc will obtain trade samples in compliance with all pertinent regulations.

§15042. PREMISES ACCESS REQUIREMENTS: Only employees and other authorized individuals can access the licensed premises. All permitted non-employee individuals will be escorted by an

employee at all times, and Embarc will maintain a record of all such access, including the name, company, reason for entry, date, and times entered and exited. These records will be available upon request. Embarc will never obtain compensation for such access.

§15043. LICENSEE EMPLOYEE BADGE REQUIREMENT: All agents, officers, or other persons acting for or employed by Embarc will display a laminated or plastic-coated identification badge issued by Embarc at all times while engaging in commercial cannabis activity. The identification badge will, at a minimum, include Embarc's "doing business as" name and license number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1" in width and 1.5" in height.

§15044 – §15047. VIDEO SURVEILLANCE SYSTEM, SECURITY PERSONNEL, LOCKS, & ALARM SYSTEM: Embarc will comply with all regulations pertaining to security as outlined in §15044. – §15047.

§15047.1. – §15051. TRACK-AND-TRACE: Embarc will comply with all regulations pertaining to CCTT-Metric, as outlined in §15047.1. – §15051.

§15052. RETURNS: Embarc may return cannabis and cannabis products to the originating licensee for lawful business purposes in accordance with the following:

- Cannabis and cannabis products will not be reprocessed, rebranded, relabeled, physically repackaged, have their expiration dates amended, or be modified in any way without prior approval from the DCC.
- Returns of cannabis and cannabis products will be recorded in the track-and-trace system on a return manifest that will contain the reason for the return.

- Cannabis and cannabis products will not be transported pursuant to a return unless Embarc and the licensee receiving the cannabis and cannabis products have both consented to the return.

§15052.1. ACCEPTANCE OR REJECTION OF SHIPMENTS: Embarc will accept or reject, in whole, shipments of cannabis or cannabis products. If Embarc receives a shipment containing any cannabis/products that were damaged during transportation, Embarc will reject that portion of the shipment that was damaged. If Embarc receives a shipment containing cannabis or cannabis products that is non-compliant with labeling requirements or exceeds its provided expiration date, Embarc will reject the portion of the shipment that is non-compliant with labeling requirements or expired. When rejecting a shipment of cannabis or cannabis products, whether in whole or in part, Embarc will record in the track-and-trace system and indicate on any relevant manifest, invoice, or sales receipt the specific reason for rejection.

§15400. ACCESS TO RETAILER PREMISES: Access will be limited to those over the age of 21.

§15402. CUSTOMER ACCESS TO THE RETAIL AREA: Customers will only be granted access to the retail area to purchase cannabis goods after an Embarc employee has confirmed the individual's age and identity. At least one employee will be physically present in the retail area at all times a customer is present. Sales will only occur in the retail sales area, or via authorized delivery.

§15403. HOURS OF OPERATION: Embarc acknowledges that pursuant to State law, cannabis retail storefronts may operate between the hours of 6 am and 10 pm, but will comply with the more restrictive hours set by the City of Colusa—8am to 8pm.

§15403.1. REQUIREMENTS WHILE NOT OPEN FOR BUSINESS: The licensed premises will be securely

locked with commercial-grade, nonresidential door locks and equipped with an active alarm system at any time it is not open for retail sales.

§15404. RETAIL CUSTOMERS: Embarc will only sell cannabis goods to individuals after confirming their age and identity via an acceptable form of identification.

§15405. CANNABIS GOODS DISPLAY: Cannabis goods for inspection and sale will only be displayed in the retail area. Cannabis goods may be removed from their packaging and placed in containers to allow for customer inspection but will not be readily accessible to customers without the assistance of an employee, who must provide the container to the customer for inspection. Goods removed from their packaging for display will not be sold or consumed and will be destroyed when no longer used for display.

§15406. CANNABIS GOODS FOR SALE: Embarc will not make any cannabis goods available for sale or delivery to a customer unless they were received from a licensed distributor or licensed microbusiness authorized to engage in distribution and Embarc has verified that the cannabis goods have not exceeded their best-by, sell-by, or expiration date if one is provided. In the case of manufactured cannabis products, the product must comply with all requirements of CA BPC §26130. The cannabis goods must have undergone laboratory testing as required by the DCC; the batch number must be labeled on the package of cannabis goods and must match the batch number on the corresponding Certificate of Analysis for regulatory compliance testing; the packaging and labeling of the cannabis goods complies with CA BPC §26120 and all applicable regulations within the Division as well as California Code of Regulations; and the cannabis goods comply with all applicable requirements found in the California statute and applicable State and local regulations.

§15407. SALE OF NON-CANNABIS GOODS: In addition to cannabis, Embarc may sell only

cannabis accessories and branded merchandise and may provide promotional materials.

§15408. SALE OF LIVE PLANTS AND SEEDS: Embarc will only sell live, immature cannabis plants and cannabis seeds if all of the following requirements are met: the plant is not flowering, is shorter and narrower than 18 inches, and the plant or seed originated from a nursery that holds a valid license from the DCC or a licensed microbusiness authorized to engage in cultivation. Embarc will not sell any other live plants and will never apply nor use any pesticide, nor cause any pesticide to be applied nor used, on live plants.

§15409. DAILY LIMITS: Embarc will not sell more than the following amounts to a single adult-use cannabis customer in a single day:

- 28.5 grams of non-concentrated cannabis.
- 8 grams of cannabis concentrate as defined in CA BPC §26001, including cannabis concentrate contained in cannabis products.
- 6 immature cannabis plants.

Embarc will not sell more than the following amounts to a single medicinal cannabis patient, or to a patient's primary caregiver purchasing medicinal cannabis on behalf of the patient, in a single day:

- 8 ounces of medicinal cannabis in the form of dried mature flowers or the plant conversion as provided in Health and Safety Code section 11362.77.
- 12 immature cannabis plants.

If a medicinal cannabis patient's valid physician's recommendation contains a different amount than the limits listed in this section, the medicinal cannabis patient may purchase an amount of medicinal cannabis consistent with the patient's needs as recommended by a physician and documented in the physician's recommendation.

The limits provided will not be combined to allow a customer to purchase goods in excess of any of the limits provided. We will be responsible for determining the amount of cannabis concentrates found in manufactured cannabis products sold to customers comply with the requirements set forth above.

§15410. CUSTOMER RETURN OF CANNABIS GOODS: Embarc will only accept returns of cannabis goods purchased from Embarc. We will not resell products that have been returned and will treat any cannabis goods abandoned on the premises as a return. Defective manufactured cannabis products returned by customers to Embarc will be destroyed pursuant to approved waste disposal practices or returned to the licensed distributor from which they were obtained.

§15412. PROHIBITION ON PACKAGING AND LABELING BY A RETAILER: Embarc will not accept, possess, or sell cannabis goods that are not packaged as they will be sold at final sale and will not package or label cannabis goods. We may place a barcode or similar sticker on the packaging of a cannabis good to be used in inventory tracking, but a barcode or similar sticker will not obscure any other required labels.

§15413. CANNABIS GOODS PACKAGING AND EXIT PACKAGING: All cannabis goods sold will comply with packaging. All purchases will not leave the premises unless placed in an opaque exit package. Immature plants and seeds are not required to be placed in resealable, tamper-evident, child-resistant packaging.

§ 15415. DELIVERY EMPLOYEES: All deliveries will be made in person by an employee who is at least 21 years of age and never through an "unstaffed" vehicle. Deliveries of cannabis goods will be received by customers only during compliant hours of operation. Delivery employees will return to the licensed premises after making their last delivery of the day if they have any unsold cannabis goods

to return to the premises. The delivery employee may not engage in any activities except for cannabis goods delivery and necessary rest, fuel, or vehicle repair stops.

A delivery employee will carry a copy of the commercial cannabis license and QR Code, the employee's government-issued identification, and an identification badge. Prior to providing cannabis goods to a delivery customer, a delivery employee will confirm the identity and age of the delivery customer as required by the identification verification procedures contained in this document. Embarc will maintain an accurate list of the delivery employees and will provide the list to government agencies as requested.

§15415.1. DELIVERIES FACILITATED BY TECHNOLOGY PLATFORMS: Embarc 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. Embarc may contract with a service that provides a technology platform to facilitate the sale and delivery of cannabis goods, in accordance with all of the following:

- Embarc does not allow for delivery of cannabis goods by a technology platform service provider.
- Embarc does 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.
- Embarc 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 Embarc's license number or legal business name on any advertisement or marketing that primarily promotes the services of the platform.

- Embarc will ensure the following information is provided to customers: any cannabis goods advertised or offered for sale on or through the technology platform will disclose, at a minimum, Embarc's business name and license number and customers placing an order for cannabis goods through the technology platform must be able to easily identify that each cannabis good is being ordered or purchased from Embarc. This information will be available to the customer prior to the customer placing an order or purchasing the cannabis goods.
- All required sales invoices and receipts, including any receipts provided to the customer, will disclose, at a minimum, Embarc's legal business name and license number.
- All other delivery, marketing, and advertising requirements under the Division are complied with.

§15416. DELIVERY TO A PHYSICAL ADDRESS: An Embarc delivery employee will only deliver cannabis goods to a physical address in California and will not leave the State while possessing cannabis goods. We will not deliver cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency. This prohibition applies to land held in trust by the United States for a tribe or an individual tribal member unless the delivery is authorized by and consistent with applicable tribal law. A delivery employee may deliver to any jurisdiction within California, provided that such delivery is conducted in compliance with all delivery provisions. A delivery employee will not deliver cannabis goods to a school providing instruction in kindergarten or any grades 1 through 12, daycare center, or youth center.

§15417. DELIVERY VEHICLE REQUIREMENTS: Employees will only travel in an enclosed motor vehicle while engaged in deliveries. Any vehicle used will be operated by an employee of Embarc.

A vehicle used in the delivery of cannabis goods will not have any marking or other indications on the exterior of the vehicle that may indicate that the delivery employee is carrying cannabis goods for delivery. Only store employees will be in the delivery vehicle.

While carrying cannabis goods for delivery, an employee will ensure the cannabis goods are not visible to the public. Cannabis goods will be stored in a secure, fully enclosed trunk that cannot be accessed from inside the vehicle, or in a secured area or compartment within the interior of the vehicle. A “secured area” is defined as an area where solid or locking metal partitions, cages, or high-strength shatterproof acrylic can be used to create a secure compartment in the fully enclosed vehicle. The secured area may be comprised on three sides by any part of the body of the vehicle, provided the parts of the vehicle used for the purposes of this section are shatterproof and are not made of glass.

The employee will not leave goods in an unattended motor vehicle unless it is locked and equipped with an active alarm system. Any cannabis goods left in an unattended vehicle must be stored in a container.

The vehicle will be outfitted with a dedicated Global Positioning System (GPS) device for identifying the location of the delivery vehicle and recording a history of all locations traveled to by the delivery employee while engaged in delivery. The device will be either permanently or temporarily affixed to the delivery vehicle and will always remain active and inside the delivery vehicle during delivery.

At all times, Embarc 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 by a delivery employee while engaged in delivery. Embarc will provide this information to the DCC as well as other government agencies upon request. The history of

all locations traveled to by a delivery employee while engaging in delivery will be maintained by Embarc for a minimum of 90 days.

Embarc will provide government agencies with information regarding any vehicle used for delivery, including the vehicle’s make, model, color, Vehicle Identification Number, license plate number and Department of Motor Vehicles registration information. Vehicles used to deliver cannabis goods may be stopped and inspected by the DCC at any licensed premises or during delivery.

§15418. CANNABIS GOODS CARRIED DURING DELIVERY: Embarc’s delivery employees will not carry cannabis goods in the delivery vehicle with a value in excess of \$10,000 at any time. The value of cannabis goods will be determined using the current retail price of all goods carried by, or within the delivery vehicle of, Embarc’s delivery employee. A delivery employee will depart and return to the same retail store before taking possession of any cannabis goods from another retail store performing deliveries.

Before leaving the licensed premises, Embarc’s delivery employees will have a delivery inventory ledger of all cannabis goods provided to them. The contents of the delivery inventory ledger will comply with the requirements of §15049.3. During the delivery trip, the delivery employee will maintain the delivery inventory ledger in either hard or electronic copy, which may be maintained in the track-and-trace system. After each customer delivery, the delivery inventory ledger will be updated to reflect the current inventory in the delivery employee’s possession. The delivery ledger will be updated in accordance with the requirements of §15049.3 and will be entered into the track-and-trace system no later than the end of the day on which the delivery occurred.

The delivery employee will maintain a log that includes all stops from the time the delivery employee leaves Embarc to the time that the

delivery employee returns to Embarc, and the reason for each stop. The log will be turned in to the delivery manager when the driver returns to Embarc. Embarc will maintain the log as a commercial cannabis activity record as required by the DCC. The log may be maintained electronically.

Prior to arrival at any delivery location, Embarc will have received a delivery request from the customer and provided the delivery request receipt to the delivery employee electronically or in hard copy. The delivery request receipt provided to the delivery employee will contain all the information previously described, except for the date and time the delivery was made, and the signature of the customer.

Immediately upon request by the DCC or any law enforcement officer, the delivery employee will provide: (1) All delivery inventory ledgers from the time the driver left Embarc up to the time of the request; (2) All delivery request receipts for cannabis goods carried by the driver, in the delivery vehicle, or any deliveries that have already been made to customers; and (3) The log of all stops from the time the delivery employee left Embarc up to the time of the request.

If the driver does not have any delivery requests to be performed for a 30-minute period, the driver will not make any additional deliveries and will return to the retail premises. Required meal breaks will not count toward the 30-minute period. Upon returning to the licensed premises, all undelivered cannabis goods will be returned to Embarc's inventory and recorded within the track-and-trace system in accordance with §15049.3.

§15419. CANNABIS CONSUMPTION DURING DELIVERY: A delivery employee will not consume cannabis goods while delivering cannabis goods to customers.

§15420. DELIVERY REQUEST RECEIPT: Embarc will prepare a hard copy or electronic delivery request receipt for each delivery of cannabis goods. The

delivery request receipt will contain the following: the name and address of Embarc; the first name and employee number of the delivery employee who delivered the order; the first name and employee number of the employee who prepared the order for delivery; the first name of the customer and a customer number for the person who requested the delivery; the date and time the delivery request was made; the delivery address; and a detailed description of all cannabis goods requested for delivery.

The description will include the weight, volume, or any other accurate measure of the amount of all cannabis goods requested; the total amount paid for the delivery, including any taxes or fees, the cost of the cannabis goods, and any other charges related to the delivery; and upon delivery, the date and time the delivery was made, and the handwritten or electronic signature of the customer who received the delivery.

At the time of the delivery, the delivery employee will provide the customer who placed the order with a hard or electronic copy of the delivery request receipt. The delivery employee will retain a hard or electronic copy of the signed delivery request receipt for the licensed retailer's records.

An employee number is a distinct number assigned by Embarc to an employee that would allow Embarc to identify the employee in documents or records using the employee number rather than the employee's full name. Embarc will be able to identify the employee associated with each employee number upon request from the DCC. A customer number is a distinct number assigned by Embarc to a customer that would allow Embarc to identify the customer in documents or records using the customer number rather than the customer's full name. Embarc will be able to identify the customer associated with each customer number upon request from the DCC or local regulators.

§15421. DELIVERY ROUTE: While making deliveries of cannabis goods, a delivery employee will only travel from Embarc to the delivery address; from one delivery address to another delivery address; or from a delivery address back to Embarc. A delivery employee will not deviate from the delivery path described in this section, except for necessary rest, fuel, or vehicle repair stops, or because road conditions make continued use of the route unsafe, impossible, or impracticable.

§15422. RECEIVING SHIPMENTS OF INVENTORY: Embarc will only receive a shipment of cannabis goods from a licensed distributor or licensed microbusiness authorized to engage in distribution and only within hours allowable by State law and local conditions. Shipments of cannabis goods will not enter the licensed premises through an entrance or exit that is available for use by the public.

§15423. INVENTORY DOCUMENTATION: Embarc will maintain an accurate record of its inventory and will be prepared to provide the DCC with the record of inventory immediately upon request. The record will include a description of each item such that the goods can be easily identified; the date and time the goods were received; the sell-by or expiration date (if any); the name and license number of the distributor; and the price paid for the goods (including taxes, delivery costs and any other costs).

§15424. INVENTORY RECONCILIATION: Embarc will be able to account for all its inventory. In conducting a reconciliation, Embarc will verify that the physical inventory is consistent with the records pertaining to inventory. The result of inventory reconciliation will be retained in our records and will be made available to the DCC upon request. If Embarc identifies any evidence of theft, diversion, or loss, we will notify the DCC and law enforcement.

In summary and as previously stated, Embarc has hundreds of pages of documents designed to conform with all State and local laws, regulations, industry best practices, and Embarc-specific proprietary procedures. The responses above are intended to provide a thorough overview of Embarc's comprehensive understanding of, and plans to conform to, pertinent State and local laws, but are not exhaustive of Embarc's ongoing efforts to maintain compliant operations.