

Verts Grand Lake LLC Security Plan

Surveillance – Verts Grand Lake LLC, doing business as Verts Neighborhood Dispensary (Verts), has a comprehensive security and video surveillance system to ensure the safety of our staff, customers and community. Video surveillance cameras are installed throughout the licensed premises to record every square inch of the facility, per 1 CCR 212-3 § 3-225(C)(1), including within 20 feet of all ingress and egresses, per 1 CCR 212-3 § 3-225(C)(2), and from the interior and exterior of all said entry and exit points, per 1 CCR 212-3 § 3-225(C)(4).

All doors utilize commercial grade locks, per 1 CCR 212-3 § 3-220(B)(1).

All video surveillance equipment has battery backup for a minimum of four hours of recording in the event of a power outage, per 1 CCR 212-3 § 3-225(B)(2), and is equipped with a notification system that alerts management of any interruption or failure of the system, per 1 CCR 212-3 § 3-225(B)(4).

Per 1 CCR 212-3 § 3-225(E)(1), cameras record continuously (24 hours per day/seven days per week), in color, and have night vision. The digital video recording device (DVR) holds up to 40 days of camera footage, per 1 CCR 212-3 § 3-225(E)(2).

The DVR is stored securely in the locked Closet at our location and is accessible only to management, per 1 CCR 212-3 § 3-225(A)(2).

Please see the attached Diagram for a visual representation of the location of all security cameras.

Access control – As described by our customer check-in procedures in our Operations Plan, Verts will not allow entry to the Retail Sales Floor without first identifying an individual as 21 years of age or older with a valid ID. Once inside, customers will not be allowed beyond the Retail Sales Floor into any limited access areas, which include all “back of house” operational areas such as the Inventory Storage areas. Access beyond the Retail Sales Floor and entry to all limited-access areas will have electronic keyfob access controls that records the movements of employees and contractors.

Keyfobs will be collected and deactivated whenever an employee leaves the company. The General Manager is responsible for issuance and activation of all keycards and will notify all staff of any collection and/or deactivation of any keycards. Employees are advised that keycards are for their individual use only and any unauthorized use will result in immediate consequences, up to termination, depending on the severity. If there is ever an issue, camera footage will be checked to match the employee who entered the room at that time.

There are three doors within the licensed premises that lead into the limited access areas. The exterior employee entrances and exits are located on the northeast and northwest corners of the building, respectively, and remain locked at all times. Only Verts employees will have access

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through those doors. The third door leads from the Retail Sales Floor into the limited access Inventory Storage areas. Both of these rooms will act as the secured vault. This is where the majority of our inventory will be stored. Both of these rooms are limited access, accessible only to employees with keyfobs and pre-approved visitors or vendors that have been signed in.

The points of sale (POS) are located within the Retail Sales Floor area.

Theft and diversion prevention – Verts is diligent in its commitment to preventing diversion. In order to protect the community and to protect its business, Verts has created a comprehensive strategy for preventing diversion, covered by the many topics detailed below.

Reporting criminal activity

Per 1 CCR 212-3 § 3-905(B)(24)(b), all Verts employees are required to notify the Colorado Marijuana Enforcement Division (MED), the Town Clerk and the Grand County Sheriff's Office within one business day of discovery of any unauthorized entry or theft of cannabis or cannabis products, or any plan or other action of any person to:

- Steal cannabis, cannabis products, cannabis paraphernalia, equipment, or money that is the property of the establishment.
- Sell or otherwise provide cannabis, cannabis products, or cannabis paraphernalia that is the property of the establishment to unauthorized persons.
- Purchase or otherwise obtain cannabis, cannabis products, or cannabis paraphernalia from unauthorized persons.
- Falsify inventory records or transport manifests.
- Commit any other crime relating to the operation of the establishment.

Employee identification

All Verts employees are required to display their MED-issued badges whenever on the premises of the establishment or when transporting cannabis or cannabis products. When employees are terminated, all issued keys, fobs, and codes will be accounted for. If a key or fob is missing, it will be immediately deleted from the access control system. Non-managerial employees will not be permitted to take electronic access cards off premises.

Controlled access

The Verts licensed premises is not shared with nor does it permit access from any other business. All sales, storage and display of cannabis occur only within the restricted area of the licensed premises and is not visible from the exterior of the store, per GLMC 6-5-5(f). As described in our customer check-in procedures in our Operations Plan, Verts will not allow entry to the Retail Sales Floor without first identifying an individual as 21 years of age or older with a valid ID. Once inside, customers will not be allowed beyond the Retail Sales Floor into any limited access areas, which include all “back of house” operational areas such as the Inventory Storage areas.

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Additionally, only badged employees or escorted visitors or vendors who are signed in via the visitors log will be allowed into the limited access areas.

Employee monitoring

Employees are monitored continuously throughout the licensed premises via the store's video surveillance system. Additionally, employees and contractors are not permitted to bring personal belongings into the Retail Sales Floor. Employees have a dedicated space in the Inventory Storage area to store their bags and personal items during their shift.

Displays

The Verts Retail Sales Floor has been designed to provide optimal viewing capabilities of products for customers, while limiting the opportunity for diversion.

Flower product samples are securely displayed in jars that allow customers to visually inspect the flower and smell it; however, the jars are locked and secured by a retractable steel cord within the fixed display.

Concentrates and cartridges are on display, but stored and secured within locked display cases. There is no handling of these products by consumers unless a purchase is made.

Edibles and other pre-packaged cannabis products are displayed in "dummy packaging" with no product inside or using no-THC sample products. This allows customers to visually inspect the product packaging and information, but products containing THC are not on display.

For shelving located behind the POS stations, products are only handled by Verts staff. This area is constantly monitored and occupied by an employee. Customers are never allowed in this area.

Training

Verts will prevent diversion through its training program. Specifically, Verts employees will be trained to:

- Verify customer age and identification according to the Customer Check-In procedures in our Operations Plan.
- Utilize Treez (our internal POS and inventory tracking software system) to track the amount of cannabis sold and prevent purchases from going over individual limits.
- Upon first being hired, team members are required to take a Responsible Vendor class that is taught by a third-party licensed Colorado company, to ensure Verts maintains its state Responsible Vendor designation.

Inventory control

Finally, stringent inventory management will be crucial to preventing the diversion of cannabis. Verts will prevent diversion first by ensuring the secure storage and sale of all cannabis products, which will be kept in a manner as to prevent diversion, theft and loss.

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While the establishment is closed and unoccupied, all cannabis and cannabis products are stored within the limited access Inventory Storage areas of the store. These rooms together serve as the store's secured vault, which is accessible only to employees and escorted visitors or vendors, and is accessible only to employees via electronic keycards.

Verts will utilize Treez to accurately document the present location, amounts, and descriptions of all cannabis and cannabis products in compliance with State law and rule and Verts will maintain records that identify the source of all products, including company name, location, and license number.

Verts will use Metrc (the statewide inventory tracking system) to record the inventory and movement of cannabis and cannabis products throughout the supply chain. Per 1 CCR 212-3 § 3-805(B)(1), Verts will designate its General Manager as its Inventory Tracking System Administrator. The System Administrator will authorize additional owners or employees as an Inventory Tracking System User, and will ensure each user receives Metrc training prior to access or use.

Alarm system – Verts will have a security alarm system that covers the entire licensed premises, including all perimeter entry points and perimeter windows, per 1 CCR 212-3 § 3-220(A)(1). We will contract with ADT for our alarm system and continuous monitoring, per 1 CCR 212-3 § 3-220(A)(2).

There are glass-break sensors throughout the licensed facility as well as motion sensors to signal to the alarm company if there has been a break-in. ADT would then contact someone within the company to see if it is an actual issue. If no one is reached, local law enforcement are notified and will investigate further. If someone within the company does answer, the employee will either check the alarm system and/or DVR system to confirm whether there has been a break-in or not. The employee will let ADT know whether or not local law enforcement need to be contacted.

Outdoor lighting – Verts utilizes a series of lights around the facility's exterior to provide safety and to support the store's security and video surveillance system. Perimeter lighting covers the entire premises and all entrances/exits, and is sufficient for observers to see and cameras to record any activity within 20 feet of all entry points, per 1 CCR 212-3 § 3-225(C)(2). The parking area in front of the licensed premises is adequately lit for security purposes, per GLMC 12-2-28(C)(4)(b). Lighting is downward facing, so that bulbs are not directly visible from off of the property.

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Waste management – Cannabis waste could present a risk of diversion, if handled improperly. Verts has developed strict waste management procedures that are adhered to by all employees to secure cannabis products not sold (cannabis waste) and ensure that it is disposed of properly.

Waste receptacles

Secured waste receptacles will be placed in the Inventory Storage areas within the limited access area; public access to these areas will be strictly prohibited. Only authorized employees may access the waste receptacles. The waste receptacles will be nonabsorbent, water-tight, vector resistant, durable, easily cleaned, galvanized metal or heavy plastic containers with tight fitting lids.

Waste receptacles will be emptied into trash bags purchased from the Town as part of the Town's self-service Pay-As-You-Throw trash program. Trash is collected and disposed of by authorized employees only.

Types of cannabis waste

The only waste that may be deposited in the receptacles is cannabis waste and the material used to render products unrecognizable and unfit for consumption, per 1 CCR 212-3 § 3-230(D). Cannabis waste is any cannabis material that may be produced in the establishment from the stocking and inventory management of products that are delivered to the establishment from our suppliers' licensed cultivation facilities and product manufacturing facilities, such as cannabis flower or trim, cannabis seeds, cannabis products (including expired products that must be destroyed), or by-products containing cannabis that have been designated for destruction.

Receptacle signage

On or near each receptacle will be a sign with thorough examples of what is and is not acceptable to place inside the receptacle. Only cannabis waste and the material used to render products unrecognizable and unfit for consumption will be placed inside the receptacle.

Destruction of cannabis goods

Prior to disposing of a product as cannabis waste, employees must first render the product as unrecognizable and unfit for use by grinding and mixing the waste with at least 50 percent food waste such as coffee grounds or soil, per 1 CCR 212-3 § 3-230(E)(1). This includes, at a minimum, removing or separating the cannabis goods from any packaging or container which render it unrecognizable and unusable. Verts will keep adequate supplies of both coffee grounds and soil available for mixing. Mixing shall be based on a 1:1 mixture of coffee grounds or soil and cannabis waste.

Recording of waste

Prior to the disposal of any cannabis product from within the dispensary, the appropriate employee will log the cannabis product as destroyed and electronically log the disposal of the

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product in Treez and Metrc, per 1 CCR 212-3 § 3-230(I). Both the physical and electronic log will include the date, time, employee information of who is destroying the product, the type, the volume, and the batch number of the waste.

Record-keeping policy

Verts requires waste records to be preserved according to the company's record-keeping policy and records will be maintained by the General Manager and/or Assistant Manager. All records will accurately account for, reconcile, and evidence all activity related to the generation and disposal of cannabis waste.

Cannabis waste is logged as destroyed in Treez and Metrc upon being deposited into the waste receptacles.

Selling of cannabis waste

Verts strictly prohibits the sale of any cannabis waste.

Removal of cannabis waste

All of Verts' non-recyclable waste, including cannabis waste, is emptied into trash bags purchased from the Town as part of the Town's self-service Pay-As-You-Throw trash program. Trash is collected and disposed of by authorized employees only. There is otherwise no outdoor storage of cannabis waste on or near the licensed premises.

Cannabis waste will be removed from the property on a weekly basis, at a minimum, and more frequently if necessary. At no time will the cannabis waste receptacles be filled beyond the capacity, preventing complete closure of the lids.

Video surveillance

Verts operates with video surveillance. The waste receptacles will be located in a position where all interaction with the receptacles is visible on camera at all times.

On-site consumption – In accordance with GLMC 6-5-5(h)(2), on-site consumption of cannabis will be prohibited on the licensed premises. Any Verts employee found to be consuming cannabis on-site will be terminated immediately. All employees are required to read and sign a document upon hiring explaining these terms. If an employee purchases any cannabis while on their shift, they are required to put it immediately in their personal belongings. All personal belongings are under video surveillance.

For customers and the general public, signs are posted at the store saying on-site consumption of cannabis is illegal. We will also post a warning poster saying that local law enforcement will be contacted if there is any suspicious or illegal behavior on or near the licensed premises.

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Once a customer is finished purchasing products, they are required to leave. Customers cannot go anywhere within the store with purchased product. Customers will be notified by signage that it is illegal to consume cannabis on or near the licensed premises. If any customer is ever caught, they will be notified that the company is calling local law enforcement. They will receive a warning from us and if it happens again they cannot shop with us any longer, and law enforcement will be called again. Video footage will be pulled if necessary.

Additionally, in accordance with GLMC 6-5-5(h)(5), no alcohol sales or consumption shall be permitted on the licensed premises.