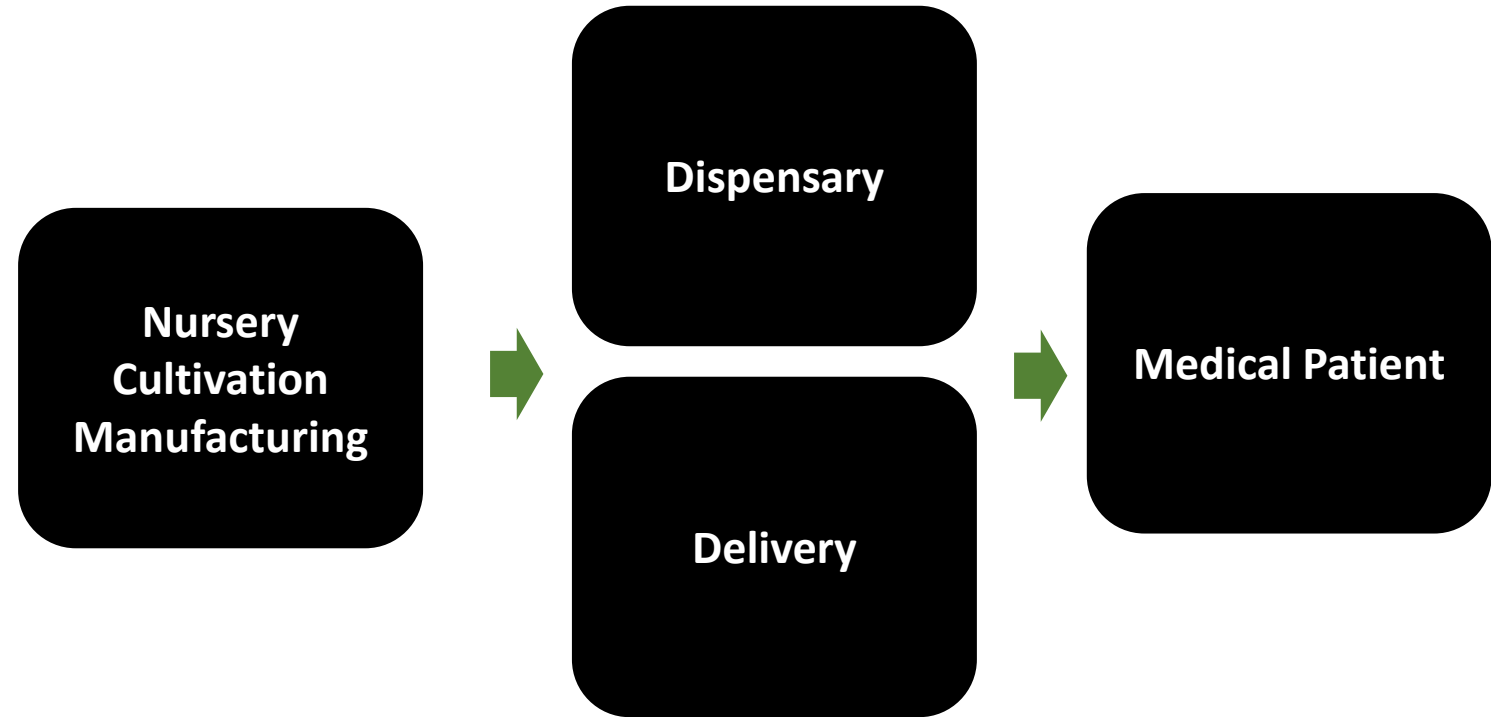


Cannabis Policy/Supply Chain Overview

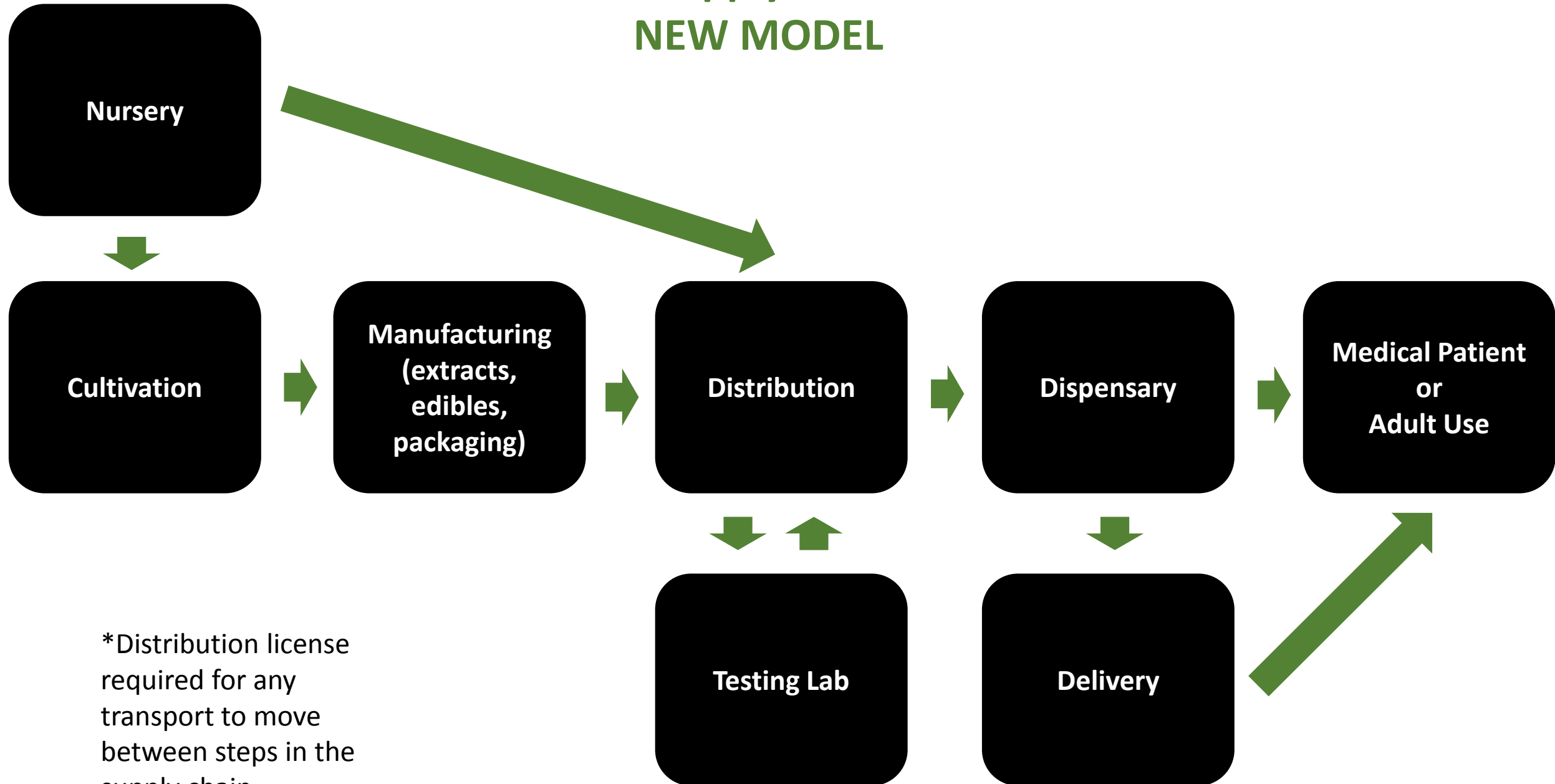
- Transforming from a **patient/plant/collective** model (Prop 215/SB 420) to a **regulated business model** (MAUCRSA)
- Substantial change of the supply chain based on the new regulatory model
- Commercial Cannabis Business License structure; annual
- Evolution of the Statutory Framework
 - MCRSA
 - AUMA/Prop 64
 - Legislative Reconciliation of Medical and Adult Use Statutes (SB 94 created Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA))
 - Creating a “cannabis supply chain” not medical or adult use

California Cannabis Supply Chain Under Prop 215/SB 420

OLD COLLECTIVE MODEL



California Cannabis Supply Chain Under MAUCRSA NEW MODEL



*Distribution license required for any transport to move between steps in the supply chain

CULTIVATION (Type 1-5)



ODOR
CONTROL

NO PESTICIDES



CULTIVATION (Type 1-5)

WATER CAPTURE & REUSE



No water touches the ground

NO LIGHT POLLUTION



Black out shades

Manufacturing

Regulated by CA Dept. Public Health

- Local and National fire code
- US Food & Drug Administration Good Manufacturing Practices
- Closed loop system – recaptures solvent
- Equipment certified by licensed engineer
- Clean room standards



NON VOLATILE MANUFACTURING (Type 6)

Processing
Preparing
Storing
Packaging
Labeling
CO2 closed loop



PACKAGING (Type P)

Required to be in final shelf ready form before distribution



PACKAGING & LABELING COMPLIANCE



"KEEP OUT OF REACH OF CHILDREN AND ANIMALS"

THC & CBD Content

Cannot be attractive to individuals under 21

No cartoons, advertising to children

Tamper evident packaging

Child resistant packaging

"Significantly difficult for children under 5 years old to open"

VOLATILE MANUFACTURING (Type 7)



- Same process as extracting essential oils
- Taking place on AG land in SBC
- Requires less infrastructure than non-volatile
- Ethanol is safe per Food, Drug & Cosmetic Act
- Ethanol is used in many forms to process food

VOLATILE MANUFACTURING



- Use of ethanol
- Required to distill concentrate for consumption
- OSHA has protocols for use & storage of ethanol
- Is stable with proper storage

Distribution (Type 11)

- Required to transport product
- Arrange sample testing with labs
- Quality assurance
- Compliant labeling & packaging



Distribution: Required to transport product



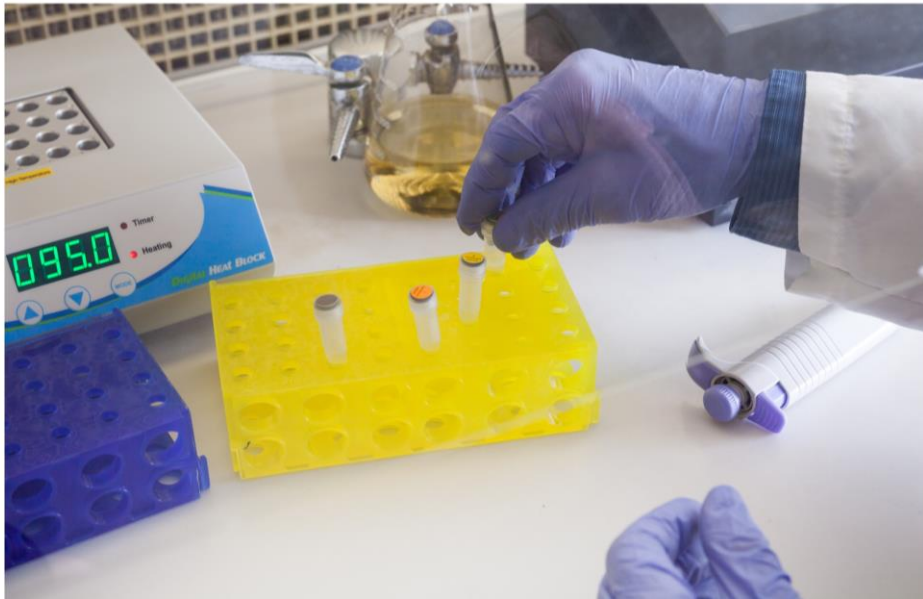
No Semi Trucks



Low footprint
Small sprinter vans

Compliance Testing Laboratory(Type 8)

All product must pass test before market



Small footprint

