

ALWAYS ON TIME CONSULTING, INC.

Business and Operations Plan

This is the written Business and Operations Plan for ALWAYS ON TIME CONSULTING, INC. (hereinafter sometimes referred to as “We”, “Us”, “Our”, or “Cannabis Business”). This plan addresses and meets the requirements of *Chapter 6, Article 14 of the City of Hayward Municipal Code, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), California Code of Regulations Title 3, Division 8, Chapter 1; Title 16, Division 42; and Title 17, Division 1, Chapter 13*, and any other state and local laws as applicable.

INTRODUCTION

Always on Time Consulting, Inc. is an innovative and integrative precision cannabis manufacturing, distribution and retail (delivery only) company that will develop intellectual property, patent formulation, and trade secrets using cannabis and other organic plant compounds.

Our core mission is to improve the quality of life of patients enduring debilitating symptoms of serious illnesses such as cancer, epilepsy, multiple sclerosis, autism, chronic pain, PTSD as well as collateral toxicities (side effects) of required therapies for a given condition. Research, largely from outside of the United States due to U.S regulatory restrictions, suggests significant improvements in symptomatology with the use of cannabis for neuropathy, pain, seizures, loss of appetite, nausea, sleep improvement, and inflammation. In 2017, the National Cancer Institute published limited guidance on the use of cannabis for medical conditions. However, little information on effective formulations and dosing is available and most medical patients now rely on “trial and error” to find products and the proper dosing to manage their symptoms. This current “trial and error” approach is costly for patients, not only in the time it takes to obtain symptom relief, but also impact on financial resources that are often already strained from the impact of living with their condition.

We are pioneering cannabis research company founded with a strong belief that cannabinoids will change modern medicine for the better.

There are multiple gaps that exist for patients to access “precision cannabis”: the right medicine, to the right patient, at the right dose and at the right time. Our experienced and highly skilled team has broad expertise to maximize potential including innovative drug development, clinically relevant research, safe high-quality high-tech manufacturing, scalable order fulfillment, as well as retail and clinic-based operations.

Always on Time Consulting will leverage its diverse experience and early mover advantage to play a leadership role in the emerging cannabinoid therapeutics health sector. When fully operational, Always on Time Consulting plans to be vertically integrated.

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GENERAL OPERATIONS

The Facility

The premises will be kept in a condition that prevents the contamination of components and cannabis products. The methods for adequate maintenance of the grounds will include at minimum:

1. The proper storage of equipment, removal of litter and waste, and cutting of weeds or grass within the immediate vicinity of the facility so that the premises will not constitute an attractant, breeding place, or harborage for pests.
2. The proper maintenance of roads, yards, and parking lots so that these areas will not constitute a source of contamination in areas where cannabis products are handled or transported.
3. The provision of adequate draining areas in order to prevent contamination by seepage, foot-borne filth, or the breeding of pests due to unsanitary conditions.
4. The provision and maintenance of waste treatment systems so as to prevent contamination in areas where cannabis products may be exposed to such a system's waste or waste by-products.
5. If the grounds of the facility are bordered by grounds outside the licensee's control that are not maintained in the manner described in subsections (a) through (d) of this section, inspection, extermination, and other reasonable care will be exercised within the cannabis manufacturing facility in order to eliminate any pests, dirt, and/or filth that pose a source of cannabis product contamination.

Projected Customer-Base

Always on Time Consulting, Inc. has multiple revenue streams, including sales of bulk oil, extraction services and contract manufacturing, retail sales (delivery only), and sale of cultivated cannabis.

We will derive 45% of our revenue from manufactured oil/products; 40% of our revenue from services including white labeling, etc.; and 15% of our revenue from retail sales.

We strongly believe that it can create long-term value for all stakeholders, including the City of Hayward, employees, shareholders and consumers who rely on consistent, safe, effective and affordable cannabis products. By continuously enhancing its processes and by sourcing out like-

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minded suppliers and partners, Applicant believes that it can lower the cost of its products and pass the cost savings to its clients.

Proposed Marketing Plan

We have a dedicated marketing team. Our team has a robust 2018 marketing plan what included PPC advertising on Google ad words, strategic ad placement on Leafly and Weedmaps along with enhanced listing on both sites.

We have a list of California based trade shows that we will be attending to further promote our brand. We have a full time brand ambassador that works with the distribution team to set up instore demos and showcase our products to new consumers at licensed dispensaries. In addition, we have print advertisements planed with Dope Magazine, Culture Magazine and High Times.

Strategic Partnership

A strategic partnership is very critical to our go to market strategy. We will cultivate strategic partnerships with industry leaders who seek to manufacture high quality cannabis products.

Product Pricing

California currently enjoys one of the highest prices per product premiums in the country. Understanding that the principle of “PPP”, Product, Price, and People will drive this sector as it does every consumer marketing sector. The goal will be to provide the best product at an affordable price, while providing excellent customer service.

Brand Recognition

We will focus on creating popular branding, development of distribution networks, and consistent product formulations which will help draw clients to recognize an expected quality and safety control under our company name.

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Hours of Operation

Our microbusiness facility will be open twenty-four hours a day, however, our delivery facility will only sell and deliver cannabis goods between the hours of 6:00 a.m. Pacific Time and 10:00 p.m. Pacific Time, or as allowed pursuant to the Conditional Use Permit granted by the City of Hayward.

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Facility Access

Access to the facility will be controlled as set forth in the Safety and Security Plan submitted herewith.

Specialized Equipment

Below is a list of equipment that will be used at our facility:

- Rosin Press
- Packaging machines

Frequency of Deliveries

As we will be operating a Microbusiness Facility, we anticipate having deliveries of supplies and bulk cannabis and cannabis products to occur approximately 5-10 times per week. As set forth in the Safety and Security Plan, measures will be taken to ensure that all deliveries to the premises are done in a safe and secure manner so as to prevent diversion and/or theft.

Energy Use Management

Renewable Energy

Beginning January 1, 2023, we will ensure that electrical power used for commercial cannabis activity meets the average electricity greenhouse gas emissions intensity required of their local utility provider pursuant to *Public Utilities Code §399.11*. As evidence of meeting the standard, we will comply with the following:

1. If our average weighted greenhouse gas emission intensity is greater than the local utility provider's greenhouse gas emission intensity, we will provide evidence of carbon offsets or allowances from any of the following sources to cover the excess in carbon emissions from the previous annual licensed period:
 - a. Allowances purchased from California Cap and Trade Auctions. Any currently acceptable vintages are allowed pursuant to section 95910 of the Public Utilities Code
 - b. Offsets purchased from Offset Project Registry System used for the California Cap and Trade Program, pursuant to section 95981 of the Public Utilities Code.
 - c. Offsets purchased from California Air Pollution Control Officers Association California-based Greenhouse Gas Credit Exchange.

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2. New licensees, without a record of weighted greenhouse gas emissions intensity from the previous calendar year, shall report the average weighted greenhouse gas emissions intensity used during their licensed period at the time of license renewal. If our average weighted greenhouse gas emissions intensity is greater than the local utility provider's greenhouse gas emissions intensity for the most recent calendar year, the licensee shall provide evidence of carbon offsets or allowances to cover the excess in carbon emissions from any of the sources as required by law.

Packaging and Labeling of Cannabis and Non-Manufactured Cannabis Products

The Cannabis Business will package and/or label all cannabis and non-manufactured cannabis as follows:

1. All applicable requirements including implementing regulations pursuant to *Business and Professions Code §§26070, 26120 and 26121*.
2. Any other requirements for cannabis and non-manufactured cannabis product specified by the bureau and the California Department of Public Health.
3. Packaging and labeling requirements pursuant to *Business and Professions Code §12601, et. seq.*

A label may specify the county of origin only if one hundred percent (100%) of the cannabis or non-manufactured cannabis product contained in the package was produced within the designated county, as defined by finite political boundaries.

General Environmental Protection Measures

We will comply with all of the following environmental protection measures:

1. Compliance with *Water Code §13149* as implemented by the State Water Resources Control Board, Regional Water Quality Control Boards or California Department of Fish and Wildlife.
2. Compliance with any conditions requested by the California Department of Fish and Wildlife or the State Water Resources Control Board under *Business and Professions Code §26060.1(b)(1)*.
3. All outdoor lighting used for security purposes shall be shielded and downward facing.
4. *Health and Safety Code §7050.5* if human remains are discovered.
5. Requirements for generators pursuant to *Code of Regulations, Title 3, Division 8, Chapter 1, §8306*.

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6. Compliance with pesticide laws and regulations as enforced by the Department of Pesticide Regulation pursuant to *Code of Regulations, Title 3, Division 8, Chapter 1, §8307*.

Generator Requirements

We do not currently use a generator, however, if we decide to use a generator (a stationary or portable compression ignition engine pursuant to *California Code of Regulations Title 17, Division 3, Chapter 1, Subchapter 7.5, §93115.4*) rated at fifty (50) horsepower and greater, then we will demonstrate compliance with Airborne Toxic Control Measures pursuant California Code of Regulations Title 17, Division 3, Chapter 1, Subchapter 7.5, §§93115-93115.5. Compliance will be demonstrated by providing a copy of one of the following to the department upon request:

1. A Portable Equipment Registration Certificate provided by the California Air Resources Board, or;
2. A Permit to Operate obtained from the Local Air District with jurisdiction over the licensed premises.

If we decide to use a generator (a stationary or portable compression ignition engine pursuant to *17 CCR §93115.4*) rated below fifty (50) horsepower, then it will comply with the following by 2023:

1. Designate the generator as emergency or low use as defined in *17 CCR §§93116.2(a)(12)-93116.2(a)(22)*
2. Either:
 - a. Meet Tier 3 with level 3 diesel particulate filter requirements pursuant to *13 CCR §2423*; or
 - b. Meet Tier 4 engine requirements pursuant to *13 CCR §2702*.

All generators shall be equipped with non-resettable hour-meters.

Sales Invoice or Receipt Requirements

The Cannabis Business will prepare a sales invoice or receipt for every sale, transport, or transfer of cannabis or non-manufactured cannabis product to another licensee. Sales invoices and receipts may be retained electronically but must be readily accessible for examination by the department, other state licensing authorities, any state or local law enforcement authority, and the California Department of Tax and Fee Administration (CDTFA).

Each sales invoice or receipt shall include all the following:

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1. Name, business address, and department issued license number of the seller;
2. Name, business address, and department issued license number of the purchaser;
3. Date of sale or transfer (month, day and year). The date of any sale or transfer of cannabis and non-manufactured cannabis products shall be the date of transfer to we receive it;
4. Invoice or receipt number;
5. Weight or quantity of cannabis and non-manufactured cannabis products sold;
6. Cost to the purchaser, including any discount applied to the total price, shall be recorded on the invoice.
7. Description for each item including strain or cultivar, and all of the applicable information below:
 - a. Plant;
 - b. Flower;
 - c. Leaf;
 - d. Shake
 - e. Kief; and
 - f. Pre-rolls.
8. Signature of the seller, or designated representative of the seller, acknowledging accuracy of the cannabis and non-manufactured cannabis products being shipped.
9. Signature of the purchaser, or designated representative of the purchaser, acknowledging receipt or rejection of the cannabis or non-manufactured cannabis products.

MANUFACTURING OPERATIONS

Manufacturing Area

The manufacturing area consists of the Manufacturing room.

All of the surfaces of the space will be cleanable non-porous materials on the ceiling, walls and floor. The room will be supplied with HEPA air filtration with temperature control and humidity monitoring. The majority of process piping and electrical utilities will be mounted on ceiling service panels (CSP). These CSPs will have twist lock connections for the electrical cables and quick disconnects for the gases and water required for the manufacturing equipment. All equipment weighing more than 400 lbs., or a center of gravity in excess of 42” will be seismically braced.

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The manufacturing process(es) consist of using raw materials (e.g. (1) active ingredients – cannabis extracts and plant materials; and (2) non-active ingredients – excipients, food grade flavor additives and colorants, binding agents and stabilizers) to produce various cannabis goods (e.g. edibles, soft-gel capsules, transdermal patches, oral film stops, inhalers, suppositories, etc.). We will use various techniques to make these goods including, but not limited to blending, grinding, extracting, emulsifying, heating, cooling, filtering and purifying of the product. After the products are manufactured, they will be properly packaged using specialized packaging equipment for, among other things, encapsulation, blister packs, labeling, capping, shrink wrapping and boxing.

The manufacturing area is designed to have different process equipment used to make various products with a semi-automated production lineup. All manufacturing equipment shall be made of food grade materials that are easily cleanable between batches, or single use disposables. All manufacturing processes will follow a strict quality control process with calibrated instrumentation to weigh and dispense and flow materials through the various equipment.

Manufacturing Processes

Grinding

Grinding is the process of shredding cannabis allowing for us to collect the trichomes (also known as kief). By grinding the cannabis before further processing, we are able to prevent the trichomes from being damaged. Additionally, grinding the cannabis allows us to maintain the quality and potency of our cannabis. The grinding will take place in the Manufacturing Room. We may use the kief to make pre-rolls or have it further processed in the extraction area.

Pre-Rolls

Ground cannabis (kief) will be used to make pre-rolls as it results in a cleaner and more consistent pre-roll. Pre-rolls will be made in the Manufacturing Room.

Extraction

Extraction is the process of obtaining the cannabis oil from the plant. There are many ways to extract the oil from the plant. We will use a rosin press. After extraction, we will have raw cannabis rosin. The extraction will take place in the Manufacturing Room.

Production

Production includes manufacturing concentrated cannabis oil (after extraction) and using those oils to make various cannabis products. These cannabis products may include packaged rosin, pre-rolls, and/or any other product allowed for by law. Production will occur on specialized, UL listed equipment as applicable. Production will take place in the Manufacturing room.

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Packaging and Labeling

Packaging and labeling is where we will properly package and label all cannabis products in conformance with the law and as set forth below. As required, all products will be in tamper-evident and child-resistant packaging. Packaging will take place in the Manufacturing Room.

Tamper-Evident

Tamper-evident packaging is packaging that allows a consumer to know if the package has been opened. Examples include a plastic seal, a sticker across the lid that is ripped when opened, a jar with a lid that pops up after opening, etc.

Child-resistant

Child-resistant packaging is any package that have been certified as child-resistant, in accordance with the federal Poison Prevention Packaging Act (PPPA, 16 CFR §1700.1), a bottle sealed with a pry-off metal crown bottle cap, or plastic packaging that is at least 4 mils. thick and heat-sealed without an easy-open tab, dimple, corner or flap.

All flower, flower-only pre-rolls, inhaled concentrates (infused pre-rolls, vape cartridges, shatter, wax, etc.), topicals, and single-serving cannabis product will be placed in single use (“Initial CRP”) packaging which is packaging that is initially child-resistant, but once opened, it is no longer child-resistant. The package’s label will say “This package is not child-resistant after opening.”

All edibles, orally-consumed concentrates (tinctures, capsules, etc.), and suppositories will be placed in multiple use (“Lifetime CRP”) packaging that which maintains its child-resistance throughout the life of the package such that it can be opened and closed repeatedly and remain still remains child-resistant. If each individual serving is in child-resistant packaging, then the entire package need not be in a multiple use package.

Storage

The non-active ingredients are purchased and tested prior to use and are traced using lots as well. The active and non-active ingredients are stored in a restricted access area. Manufacturing is strictly followed, with raw ingredients weighed and measured for release. When the products are processed and packaged, each finished lot will undergo quality inspections and testing for purity and efficacy. It will be put back into the secure storage and be ready to be sent to distribution.

Construction and Design

We understand that the construction and design of our manufacturing facility is important to ensure that products manufactured in our facility are done so in a safe and sanitary manner. To that effect, our facility:

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1. Provides adequate space for such placement of equipment and storage of materials as is necessary for maintenance, sanitary operations, and the production of safe cannabis products.
2. Takes precautions to reduce the potential for allergen cross-contact and for contamination of cannabis products, cannabis product-contact surfaces, or cannabis product-packaging materials by microorganisms, chemicals, filth, and other extraneous material.
3. Takes precautions to protect product ingredients in installed outdoor bulk vessels by any effective means, including:
 - (a) Using protective coverings.
 - (b) Controlling areas over and around the vessels in order to eliminate harborages for pests.
 - (c) Checking such vessels on a regular basis for pests and pest infestation.
4. Is constructed in such a manner that floors, walls, and ceilings are adequately cleaned and kept clean and in good repair
5. Is constructed in such a manner that drip or condensate from fixtures, ducts and pipes does not contaminate cannabis products, cannabis product-contact surfaces, or cannabis product-packaging materials.
6. Is constructed in such a manner so as to provide adequately wide and unobstructed aisles or working spaces between equipment and walls that permit employees to both perform their duties and protect against the contamination of cannabis products, cannabis product-contact surfaces, or cannabis product-packaging materials via clothing or personal contact.
7. Provides adequate lighting in hand-washing areas, dressing and locker rooms, and toilet facilities, in all areas where components or cannabis products are examined, manufactured, processed, packed, or held, and in all areas where equipment or utensils are cleaned.
8. Provides shatter-resistant light bulbs, fixtures, skylights, and/or other shatter-resistant glass fixtures in all areas where glass breakage may result in the contamination of exposed cannabis, components or products at any step of preparation.
9. Provides adequate ventilation or control equipment to minimize dust, odors and vapors (including steam and noxious fumes) in areas where they may cause allergen cross-contact or contamination of cannabis products; and locate and operate fans and other air-blowing equipment in a manner that minimizes the potential for allergen cross-contact and contamination of cannabis products, cannabis product-packaging materials, and cannabis product-contact surfaces.

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10. Provides, where necessary, adequate screening or other protection against pests.

Sanitary Facilities and Controls

Our facility will be equipped with adequate sanitary accommodations as follows:

1. Water supply - our water supply is adequate for the operations intended and derived from an adequate source. Any water that contacts cannabis products, cannabis product-contact surfaces, or cannabis product-packaging materials will be safe and of adequate sanitary quality. Running water at a suitable temperature, and under pressure as needed, will be provided in all areas where required for the processing of cannabis products, for the cleaning of equipment, utensils, and cannabis product- packaging materials, and/or for employee sanitary facilities.
2. Plumbing - plumbing systems are of adequate size and design and are adequately installed and maintained in order to:
 - (a) Carry adequate quantities of water to required locations throughout the manufacturing facility.
 - (b) Properly convey sewage and liquid disposable waste from the facility.
 - (c) Avoid the creation of unsanitary conditions and/or contamination to cannabis products, water supplies, equipment, or utensils.
 - (d) Provide adequate floor drainage in all areas where floors are subject to flooding-type cleaning or where normal operations release or discharge water or other liquid waste on the floor.
 - (e) Provide that there is not backflow from, or cross-connection between, piping systems that discharge wastewater or sewage, and piping systems that carry water for cannabis products or cannabis product manufacturing.
3. Sewage disposal - sewage is disposed of into an adequate sewerage system or through other adequate means.
4. Toilet facilities – we provide employees with adequate, readily accessible toilet facilities. Toilet facilities will be kept clean and will not pose a potential source of contamination of cannabis products, cannabis product-contact surfaces, or cannabis product-packaging materials.
5. Hand-washing facilities – we provide hand-washing facilities designed to ensure that an employee's hands do not pose a source of contamination to cannabis products, cannabis product-contact surfaces, or cannabis product-packaging materials. Hand-washing facilities will be adequate, convenient, and furnish running water of at least 100° F (30° C).
6. Garbage disposal – garbage is conveyed, stored, and disposed of so as to minimize the development of odor, minimize the potential that waste will attract, harbor, or otherwise

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contribute to the breeding of pests, and protect against the contamination of cannabis products, cannabis product-contact surfaces, cannabis product- packaging materials, water supplies, and ground surfaces.

Sanitary Operations

We understand the importance of a sanitary manufacturing facility and operating procedures. To that effect, we will ensure the following:

1. Buildings, fixtures, and other physical facilities on the premises are maintained in a clean and sanitary condition and are kept in good repair so as to prevent cannabis products from becoming adulterated.
2. The cleaning and sanitization of utensils and equipment is conducted in a manner that protects against allergen cross-contact and contamination of cannabis products or product components, cannabis product-contact surfaces, or cannabis product-packaging materials.
3. Cleaning compounds and sanitizing agents used in cleaning and sanitizing procedures are free from undesirable microorganisms and are safe and adequate under conditions of use. Only the following toxic materials will be used or stored in a manufacturing facility where cannabis products are process or exposed:
 - (a) Those required to maintain clean and sanitary conditions;
 - (b) Those necessary for facility and equipment maintenance and operation; and
 - (c) Those necessary for use in the cannabis manufacturing facility's operations.
4. Toxic cleaning compounds, sanitizing agents, and pesticide chemicals are identified, held, and stored in a manner that protects against contamination of product components, cannabis products, cannabis product-contact surfaces, or cannabis product-packaging materials.
5. Effective measures are taken to exclude pests from the cannabis manufacturing facility in all areas where cannabis components and/or products may be at risk of contamination by pests. The use of pesticides to control pests in the cannabis manufacturing facility is permitted only under precautions and restrictions that protect against the contamination of cannabis products, cannabis product-contact surfaces, and cannabis product-packaging materials.
6. All cannabis product-contact surfaces including utensils and equipment are cleaned as frequently as necessary to protect against allergen cross-contact and contamination of cannabis products.
7. Cannabis product-contact surfaces used for manufacturing, processing, packing or holding low-moisture cannabis products will be maintained in a clean, dry, and sanitary condition before use. When such surfaces are wet-cleaned, they will, when necessary,

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be sanitized and thoroughly dried before subsequent use.

8. When cleaning is necessary to protect against allergen cross-contact or the introduction of microorganisms into cannabis products during wet processing, all cannabis product-contact surfaces will be cleaned and sanitized before use and after any interruption during which cannabis product-contact surfaces may have become contaminated. Where equipment and utensils are used in a continuous production operation, our surfaces will be cleaned and sanitized as necessary.
9. Single-service articles (such as utensils intended for one-time use, paper cups, and paper towels) are stored, handled, and disposed of in a manner that protects against allergen cross-contact and contamination of cannabis product, cannabis product-contact surfaces, or cannabis product-packaging materials.
10. The non-cannabis product-contact surfaces of equipment used in the cannabis manufacturing facility are cleaned in a manner and as frequently as necessary to protect against allergen cross-contact and contamination of cannabis products, cannabis product-contact surfaces, and cannabis product-packaging materials.
11. Cleaned and sanitized portable equipment with cannabis product-contact surfaces and utensils are stored in a location and manner that protects cannabis product-contact surfaces from allergen cross-contact and contamination.

Production and Process Controls

Appropriate quality control operations will be employed to ensure that cannabis products are suitable for human consumption or use, and that cannabis product-packaging materials are safe and suitable. Overall sanitation of the premises will be under the supervision of one or more competent individuals assigned responsibility for this function. Adequate precautions will be taken to ensure that production procedures do not contribute to allergen cross-contact and to contamination from any source. Chemical, microbial, or extraneous-material testing procedures will be used where necessary to identify sanitation failures or possible allergen cross-contact and cannabis product contamination. Any cannabis product that has become contaminated to the extent that it is adulterated will be rejected, or if appropriate, treated or processed to eliminate the contamination, as determined by a qualified individual.

Manufacturing Operations

We will follow manufacturing operation procedures including:

1. All cannabis product manufacturing will be conducted under such conditions and controls as are necessary to minimize the potential for the growth of microorganisms, allergen cross-contact, contamination of cannabis products, and deterioration of cannabis products.

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2. Cannabis products capable of supporting the rapid growth of undesirable microorganisms will be held at temperatures that prevent the cannabis product from becoming adulterated during manufacturing, processing, packing and holding.
3. Measures such as sterilizing, irradiating, pasteurizing, cooking, freezing, refrigerating, controlling pH, or controlling water activity that are undertaken to destroy or prevent the growth of undesirable microorganisms will be adequate under the conditions of manufacture, handling, and transfer to prevent the cannabis product from being adulterated. For purposes of this chapter, “water activity” (aw) is a measure of the free moisture in a manufactured cannabis product and is the quotient of the water vapor pressure of the substance divided by the vapor pressure of pure water at the same temperature.
4. Work-in-process will be handled in a manner that protects against allergen cross-contact, contamination, and growth of microorganisms.
5. Effective measures will be taken to protect finished cannabis products from allergen cross-contact and from contamination by raw materials, other ingredients, rejected components, or refuse. When raw materials, other ingredients, or refuse are unprotected, they will not be handled simultaneously in a receiving, loading or shipping area if such handling could result in allergen cross-contact or contaminated cannabis products. Cannabis products transported by conveyer will be protected against allergen cross-contact and against contamination as necessary.
6. Equipment, containers, and utensils used to convey, hold, or store raw materials and other ingredients, work-in-process, or other cannabis products will be constructed, handled, and maintained during manufacturing, processing, packing, and holding in a manner that protects against allergen cross-contact and contamination.
7. Adequate measures will be taken to protect against the inclusion of metal or other extraneous material in cannabis products.
8. Adulterated cannabis products, raw materials, or other ingredients will be either:
 - (a) Disposed of in a manner that protects against the contamination of other cannabis products or ingredients; or
 - (b) Reprocessed, if appropriate, using a method that has been proven to be effective and subsequently reexamined and found to be unadulterated.
9. Steps such as washing, peeling, trimming, cutting, sorting and inspecting, mashing, dewatering, cooling, shredding, extruding, drying, whipping, defatting, and forming will be performed so as to protect cannabis products against allergen cross-contact and contamination. Cannabis products will be protected from contaminants that may drip, drain, or be drawn into the cannabis product.
10. When required in the preparation of cannabis products capable of supporting microbial

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growth, heat blanching will be affected by heating the cannabis product to the required temperature, holding that temperature for the required amount of time, and then either rapidly cooling the cannabis product or passing it to subsequent manufacturing without delay. Growth and contamination by thermophilic microorganisms in blanchers will be minimized by the use of adequate operating temperatures and by periodic cleaning and sanitization as necessary.

11. Batters, breadings, sauces, gravies, dressings, dipping solutions, and other similar preparations that are held and used repeatedly over time will be treated or maintained in such a manner that they are protected against allergen cross-contact and contamination, and in a manner that minimizes the potential growth of undesirable organisms.
12. Filling, assembling, packaging, and related operations will be performed in such a way that the cannabis product is protected against allergen cross-contact, contamination and growth of undesirable microorganisms.
13. Cannabis products that principally rely on the control of water activity (aw) for preventing the growth of undesirable microorganisms (such as dry mixes, nuts, intermediate moisture cannabis products, and dehydrated cannabis products) will be processed and maintained at a safe moisture level. For purposes of this section “safe moisture level” is a level of moisture low enough to prevent the growth of undesirable microorganisms in the finished product under the intended conditions of manufacturing. The safe moisture level for an edible cannabis product is related to its “aw”. An “aw” will be considered safe for a manufactured cannabis product if adequate data is available to demonstrate that at or below the given aw the manufactured cannabis product will not support the growth of undesirable microorganisms.
14. When ice is used in contact with cannabis products, the ice will be made from water that is safe and of adequate sanitary quality and will be used only if it has been manufactured in accordance with current good manufacturing practices established by the U.S. Food and Drug Administration.

Product Packaging

Prior to delivery or sale at a distributor, we will ensure that all cannabis and cannabis products are labeled and placed in a re-sealable, tamper-evident, child-resistant package which will include a unique identifier for the purposes of identifying and tracking cannabis and cannabis products.

The Cannabis Business will not make packages and labels attractive to children.

Pursuant to *17 CCR §40415*, we will comply with the following packaging requirements:

1. The package shall protect the product from contamination and shall not expose the

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- product to any toxic or harmful substance.
2. The package shall be tamper-evident, which means that the product shall be packaged in packaging that is sealed so that the contents cannot be opened without obvious destruction of the seal.
 3. The package shall be child-resistant, which means the package shall be designed or constructed to be significantly difficult for children under five years of age to open or otherwise obtain access to the product contained therein within a reasonable time, and shall not be difficult for normal adults to open or obtain access to the product contained therein. A package shall be deemed child-resistant if it satisfies the standard for “special packaging” as set forth in the Poison Prevention Packaging Act of 1970 Regulations (16 C.F.R. §1700.1(b)(4)).
 4. The package shall not imitate any package used for products typically marketed to children.
 5. If the product is an edible product, the package shall be opaque.
 6. If the package contains more than one serving of cannabis product, the package shall be re-sealable so that child-resistance is maintained throughout the life of the package.

Product Labeling

Pursuant to *17 CCR §40410* we will comply with the following labeling restrictions in that the label will not contain any of the following:

1. Claims that the cannabis product was produced from cannabis grown in a California county when the cannabis was not grown there.
2. The name of a California county unless the cannabis used in the product was grown there.
3. Content that is or designed to be attractive to individuals under the age of 21, including but not limited to:
 - a. Cartoons;
 - b. Any likeness to images, characters, or phrases that are popularly used to advertise to children;
 - c. Any imitation of candy packaging or labeling; or
 - d. The terms “candy” or “candies.”
4. Any information that is false or misleading.
5. Any health-related statement that is untrue or misleading. Any health-related statement will be supported by the totality of publicly available scientific evidence (including

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evidence from well-designed studies conducted in a manner which is consistent with generally recognized scientific procedures and principles), and for which there is significant scientific agreement, among experts qualified by scientific training and experience to evaluate such claims.

Potential Effects

Pursuant to *17 CCR §40411* we may include information on the potential effects of the cannabis product if we has substantiation that the information is truthful and not misleading. Such information may be located on the informational panel of the label or as an insert included in the product package. For purposes of this section, “potential effect” includes any physiological effect common to or expected from the particular cannabis strain but excludes any claim of health benefits.

Primary Panel

Any information required to be listed on a label will be written in English. The label will be unobstructed and conspicuous so that it can be read by the consumer. All required label information will be located on the outside container or wrapper of the finished product to be sold at a retailer.

Pursuant to *17 CCR §40405*, the primary panel for all products the following information:

1. The identity of the product in a text size reasonably related to the most prominent printed matter on the panel;
2. The universal symbol will be marked, stamped, or otherwise imprinted in the following in form and color:



The symbol will be no smaller in size than half (.5) inch by half (.5) inch and will be printed legibly and conspicuously.

3. The net weight or volume of the contents of the package;
4. The THC content and CBD content for the package in its entirety, expressed in milligrams per package;

The primary panel text will be in type size no less than 6 point font and be in relation to the size of the primary panel and container. The content of other cannabinoids or terpenes may be included if such information is verified by the certificate of analysis issued by a licensed testing laboratory.

Pursuant to *17 CCR §40406*, the primary panel of edible products will include the following information:

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1. The words “cannabis-infused” immediately above the identity of the product in bold type and a text size larger than the text size used for the identity of the product.
2. The THC content and CBD content per serving, expressed in milligrams per serving.

Informational Panel

Pursuant to *17 CCR §40408*, the informational panel shall include the following

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

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The informational panel text shall be in a type size of no less than 6 point font and in relation to the size of the primary panel and container, unless there is insufficient area on the container available to print all the required information in a type size of no less than 6 point font. In such a case, the label shall include the warning statements required by paragraph (3) in a type size of no less than 6 point font, and the product shall be accompanied by a supplemental labeling that includes all of the information required by this section. The text of the supplemental labeling shall be no less than 8 point font.

Safety and Hazard Analysis

We will identify and evaluate known or reasonably foreseeable hazards for each type of cannabis product produced at our facility in order to determine whether there exist any hazards requiring a preventive control. The hazard analysis will include:

1. The identification of potential hazards, including:
 - (a) Biological hazards, including microbiological hazards;
 - (b) Chemical hazards, including radiological hazards, pesticide(s) contamination, solvent or other residue, natural toxins, decomposition, unapproved additives, or food allergens; and/or
 - (c) Physical hazards, such as stone, glass, metal fragments, hair or insects.
2. The evaluation of the hazards identified in order to assess the severity of any illness or injury that may occur as a result of a given hazard, and the probability that the hazard will occur in the absence of preventive controls.
3. The hazard evaluation will consider the effect of the following on the safety of the finished cannabis product for the intended consumer:
 - (a) The sanitation conditions of the manufacturing premises;
 - (b) The product formulation;
 - (c) The design, function and condition of the manufacturing facility and its equipment;
 - (d) The raw material, ingredients and other components used in a given cannabis product;
 - (e) Product transportation and transfer practices;
 - (f) The manufacturing and processing procedures;
 - (g) The packaging and labeling activities;
 - (h) The storage of components and/or the finished cannabis product;
 - (i) The intended or reasonably foreseeable use of the finished cannabis product;
 - (j) Any other relevant factors.

Upon completion of the hazard analysis, we will identify and implement written preventive controls to provide assurance to the Department that any hazards requiring a preventative control will be significantly minimized or prevented such that the manufactured cannabis product is not adulterated

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or misbranded. The preventive controls will include the following components:

1. The identification of critical control points. The points, steps or procedures in a given process in which control can be applied, and as a result, a hazard can be prevented, eliminated, or reduced to acceptable levels.
2. The establishment of critical limits for each critical control point. The maximum or minimum value to which a physical, biological, or chemical hazard will be controlled in order to prevent, eliminate, or reduce to an acceptable level the occurrence of an identified hazard. For example: the establishment of specific limits on temperature, humidity, or pH.
3. The establishment and implementation of monitoring procedures in order to use monitoring results to adjust a given process and maintain control. This will include specifying the frequency and documentation requirements for monitoring.
4. The establishment and implementation of corrective actions to be taken when monitoring indicates there is a deviation from an established critical limit. This will include procedures for ensuring:
 - (a) Appropriate action is taken to identify and correct a problem that has occurred with implementation of a preventative control;
 - (b) Appropriate action is taken, when necessary, to reduce the likelihood that a problem will recur;
 - (c) All affected material(s) or product(s) are evaluated for safety;
 - (d) All affected material(s) or product(s) are prevented from entering into commerce if the safety or quality of that material(s) or product(s) cannot be verified.
5. The establishment and implementation of record keeping procedures to document hazard analyses and control plans, identify the person responsible for each step, and identify the corrective actions that were taken upon of the discovery of a deviation. These records will be subject to verification and records review by the Department.
6. The establishment and implementation of verification procedures in order to validate that preventative controls are consistently implemented and are effective in minimizing or preventing identified hazards; that monitoring activities are being conducted as required; and that appropriate decisions about corrective actions are being made.

Extraction Methods

At this time, we will be manufacturing products including, but not limited to, using the following methods:

1. Mechanical extraction
2. Any other non-volatile method authorized by the Department.

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Pursuant to *Health and Safety Code Section 11362.3(b)(3)*, as revised by Senate Bill 94, “volatile solvent” means “a solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures.” The State of California has indicated that it will allow Volatile Manufacturing. See *Business and Professions Code Section 26130(a)(2)* as revised by Senate Bill 94.

Mechanical Extractions

Cold Water

In the cold-water method, cannabis plant material is placed in a cement mixer and agitated in an ice bath for approximately five (5) minutes. The plant material is then poured through various sized sieves (23 – 220 microns), dried, and packaged for consumer use.

Dry Sieve

In the dry sieve method, cannabis plant material is tumbled in a silk screen cylinder with dry ice. The resulting product, known as kief (also known as dry sift or pollen), is packaged for consumer use.

Heat Press

In the heat press method, cannabis plant material is placed in a silk screen tea bag. The tea bag is then placed between the two heated steel plates. The pressure and heat cause oil to secrete from the cannabis plant material. The oil/rosin is packaged for consumer use.

Products to be Manufactured

The end products we plan to manufacture are to include, but are not limited to:

- Rosin
- Pre-rolls

DISTRIBUTION OPERATIONS

We intend to procure and distribute cannabis and cannabis products from licensed cultivators, manufacturers, and microbusinesses to licensed retailers, manufacturers and microbusinesses as described below.

Procurement

Procurement is the process by which we acquire cannabis and cannabis products from other licensed cultivators (acquisition of raw cannabis), distributors (finished cannabis for sale), and/or

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microbusinesses licensed to conduct cultivation and distribution activities. Procurement will occur in the Delivery room.

We will only procure cannabis and cannabis products from licensed cannabis distributors whose products are made by licensed manufacturers, licensed cultivators, and/or licensed microbusinesses who are authorized to conduct cultivation, manufacturing and/or distribution activities.

Storage

Storage is the securing of cannabis in our facility wherein it will be safely kept until it has undergone testing and/or has passed testing and is ready to be distributed to a retailer for sale or to a manufacturing facility for further processing as set forth herein. Distribution storage will be housed in the Distribution Room.

Pursuant to *16 CCR §5300*, we will only distribute cannabis goods, cannabis accessories, and licensees' branded merchandise or promotional materials.

Pursuant *16 CCR §5301*, we may provide cannabis goods storage-only services, unrelated to the quality assurance and laboratory testing processes, to a licensed cultivator, licensed manufacturer, licensed microbusiness, licensed retailer, or another licensed distributor.

Pursuant to *16 CCR §5302*, we will ensure that all cannabis goods batches are stored separately and distinctly from other cannabis goods batches on the distributor's premises. The Cannabis Business will ensure a label with the following information is physically attached to each container of each batch:

1. The name and license number of the manufacturer or cultivator who provided the batch;
2. The date of entry into the distributor's storage area;
3. The unique identifiers and batch number associated with the batch;
4. A description of the cannabis goods with enough detail to easily identify the batch;
5. The weight of or quantity of units in the batch; and
6. The best-by, sell-by, or expiration date, of the batch, if any.

Testing

We will have all cannabis and cannabis products tested by a licensed testing laboratory prior to transport to a retailer, microbusiness, and/or manufacturer.

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Pursuant to *16 CCR §5304*, after taking physical possession of a cannabis goods batch, the Cannabis Business will contact a testing laboratory and arrange for a laboratory employee to come to the distributor's licensed premises to select a representative sample for laboratory testing.

Testing

Testing is the process by which we make the cannabis and cannabis product in our possession available to be sampled by a licensed testing laboratory to confirm that all of the cannabis and cannabis products comply with State law as set forth in the chart below:

PHASE-IN OF REQUIRED LABORATORY TESTING	INHALABLE CANNABIS	INHALABLE CANNABIS PRODUCTS	OTHER CANNABIS & CANNABIS PRODUCTS
JANUARY 1, 2018			
Cannabinoids Testing	✓	✓	✓
Moisture Content Testing	✓		
Category II Residual Solvents and Processing Chemicals Testing		✓	✓
Category I Residual Pesticides Testing	✓	✓	✓
Microbial Impurities Testing (A. fumigatus, A. flavus, A. niger, A. terreus)	✓	✓	
Microbial Impurities Testing (Escherichia coli and Salmonella spp.)	✓	✓	✓
Homogeneity Testing of Edible Cannabis Products			✓
JULY 1, 2018			
Category I Residual Solvents and Processing Chemicals Testing		✓	✓
Category II Residual Pesticides Testing	✓	✓	✓
Foreign Material Testing	✓	✓	✓
DECEMBER 31, 2018			
Terpenoids Testing	✓	✓	✓
Mycotoxins Testing	✓	✓	✓
Heavy Metals Testing	✓	✓	✓
Water Activity Testing of Solid or Semi-Solid Edibles	✓		✓

We will have all cannabis and cannabis products tested by a licensed testing laboratory prior to transport to a retailer, microbusiness, and/or manufacturer.

Pursuant to *16 CCR §5304*, after taking physical possession of a cannabis goods batch, the Cannabis Business will contact a testing laboratory and arrange for a laboratory employee to come to the distributor's licensed premises to select a representative sample for laboratory testing.

While the testing, by law, will be done by a third party testing laboratory off-site, the sample collection will occur in the Distribution Room.

Sample Collection

Pursuant to *16 CCR §5305*, we will ensure that the batch size from which the sample is taken meets the requirements of *16 CCR Division 42*.

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One of our employees will be physically present to observe the laboratory employee obtaining the sample of cannabis goods for testing and will ensure that the increments are taken from throughout the batch. See 16 CCR §5305(b).

The sample taking will be video recorded with the batch number stated at the beginning of the video and a visible time and date indication on the video recording footage. The video recordings shall be maintained for 180 days. See 16 CCR §5305(c).

After the sample has been selected, both our employee and the laboratory employee will sign and date the chain of custody form attesting to the sample selection having occurred. See 16 CCR §5305(d).

Our employee will not assist the laboratory employee nor touch the cannabis goods or the sampling equipment while the laboratory employee is obtaining the sample. See 16 CCR §5305(e).

Re-Sampling

Once a sample has been obtained from a batch for regulatory compliance testing, we will not arrange for or allow another licensed testing laboratory to sample or re-sample the same batch for regulatory compliance testing, unless we receive approval from the Bureau of Cannabis Control pursuant to *16 CCR §5705(g)*.

Test Results

A sample “passes” a laboratory test when the sample meets specifications in *16 CCR §§5714 through 5725*.

When a batch passes, we will transfer the cannabis to our retail facility (located on the same premises).

If a sample “fails” a laboratory test and cannot be remediated pursuant to *16 CCR §5727*, then we will destroy the batch that failed laboratory testing.

If the batch can be remediated pursuant to *16 CCR §5727*, then we will transport or arrange for the transportation of the batch to a cultivator or manufacturer for remediation.

Quality-Assurance Review

When we receive a Certificate of Analysis (COA) stating that the sample meets specifications required by law, we will ensure the following before transporting the cannabis goods our retail facility:

1. The COA we received from the testing laboratory is the COA that corresponds to the batch;

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2. The label on the cannabis goods is consistent with the COA regarding cannabinoid content and contaminants required to be listed by law;
3. The packaging complies with applicable packaging laws including, but not limited to, Business and Professions Code §26120;
4. The packaging is tamper-evident (i.e. a one-time-use seal is affixed to the opening of the package, allowing a person to recognize whether or not the package has been opened);
5. The weight or count of the cannabis batch comports with that in the track and trace system. We will use scales as required; and
6. All events up to this point have been entered into the track and trace system.

Remediation, Returns and/or Destruction

Remediation

If, after testing, we determine a failed batch may be remediated, we arrange for the transportation of the batch to a licensed manufacturer for remediation in accordance with the following:

1. We will ensure that a corrective action plan is submitted by the licensed manufacturer to the State Department of Public Health, or by the licensed microbusiness authorized to engage in manufacturing to the Bureau, within thirty (30) calendar days of issuance of the COA.
2. We will ensure that the licensed manufacturer or licensed microbusiness authorized to engage in manufacturing begins remediating the cannabis goods within thirty (30) calendar days of receiving approval from the State Department of Public Health or the Bureau to remediate the cannabis goods.

If we are unable to arrange for a licensed manufacturer or licensed microbusiness authorized to engage in manufacturing to remediate the cannabis goods within thirty (30) calendar days of issuance of the COA, we will destroy the cannabis goods immediately, as set forth below.

Further, if, after two attempts, the batch cannot be remediated such that it passes testing, then we will destroy the entire batch as set forth below.

Return

If, after testing, we discover that a manufactured cannabis good that was obtained from a manufacturer is defective, then we may return the manufactured cannabis good to the selling licensee in exchange for a non-defective version of the same type of manufactured cannabis good

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or in exchange for a manufactured cannabis good of equal value.

Destruction

Alternatively, if we decide not to return the product and we determine the product cannot be remediated, we will destroy the product by rendering the product cannabis waste for proper disposal. To render the product cannabis waste, we will remove the product from packaging and mix the product with a non-consumable medium, including but not limited to one or more of those listed below, so that the resulting mixture is at least fifty percent (50%) non-cannabis waste:

1. Paper waste;
2. Plastic waste;
3. Cardboard waste;
4. Food waste;
5. Grease or other compostable oil waste;
6. Bokashi or other compost activators;
7. Soil; and/or
8. Other medium approved by the Chief of Police that will render cannabis waste unusable and unrecognizable

Packaging and Labeling

Packaging and labeling is where we will place all cannabis and cannabis products in tamper-evident, child-resistant packaging, as applicable, and ensure that all labels are placed on the packaging in compliance with the law. All packaging will occur in the Manufacturing Room.

Tamper-Evident

Tamper-evident packaging is packaging that allows a consumer to know if the package has been opened. Examples include a plastic seal, a sticker across the lid that is ripped when opened, a jar with a lid that pops up after opening, etc.

Child-resistant

Child-resistant packaging is any package that have been certified as child-resistant, in accordance with the federal Poison Prevention Packaging Act (PPPA, 16 CFR §1700.1), a bottle sealed with a

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pry-off metal crown bottle cap, or plastic packaging that is at least 4 mils. thick and heat-sealed without an easy-open tab, dimple, corner or flap.

All flower, flower-only pre-rolls, inhaled concentrates (infused pre-rolls, vape cartridges, shatter, wax, etc.), topicals, and single-serving cannabis product will be placed in single use (“Initial CRP”) packaging which is packaging that is initially child-resistant, but once opened, it is no longer child-resistant. The package’s label will say “This package is not child-resistant after opening.”

All edibles, orally-consumed concentrates (tinctures, capsules, etc.), and suppositories will be placed in multiple use (“Lifetime CRP”) packaging that which maintains its child-resistance throughout the life of the package such that it can be opened and closed repeatedly and remain still remains child-resistant. If each individual serving is in child-resistant packaging, then the entire package need not be in a multiple use package.

We may package, re-package, label, and re-label cannabis for retail sale.

We will not package, re-package, label, or re-label manufactured cannabis products except when the distributor also holds a manufacturing license and is packaging, re- packaging, labeling, or re-labeling its own manufactured cannabis products.

Notwithstanding the foregoing, if, after receiving the COA, it is determined during laboratory testing that a manufactured product is labeled with the incorrect amount of THC per package or serving but is within the THC limits for sale, we may re-label the package with the accurate THC amount.

Distribution

Distribution is the transfer of cannabis and cannabis products to other licensees by transporting (driving) it another licensee’s licensed premises or providing the cannabis or cannabis products to a licensed distribution transport-only company. We will only distribute cannabis and cannabis products to licensed distributors, cannabis retailers, microbusinesses, and manufactures (for further processing).

Inspection and Enforcement

We will allow inspection by the City and/or State of the facility to verify compliance with the requirements of the Hayward Cannabis Ordinance and the requirements of state law.

Tax Compliance and Accounting

We will comply with local, state, and federal tax requirements. We are well aware of the unique federal tax implications for cannabis businesses and have consulted with appropriate professionals to ensure full compliance with the Internal Revenue Service's treatment of cannabis. We will obtain all required tax identification and permit numbers from the IRS and California Department of Taxes and Fees Administration (CDTFA). We understand that, as a Distributor, one of our primary

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functions, in addition to testing of products, is the collection and payment of taxes to the CDTFA. To that effect, we will collect all cultivation taxes from cultivators and manufactures, as applicable and all excise taxes from retailers, as applicable.

In an arm's length transaction, we will collect the cannabis excise tax from the cannabis retailer on or before 90 days after the sale or transfer of cannabis or cannabis product to the cannabis retailer. In a non-arm's length transaction, we will collect the cannabis excise tax from the cannabis retailer on or before 90 days after the sale or transfer of cannabis or cannabis product to the cannabis retailer, or at the time of retail sale by the cannabis retailer, whichever is earlier. We will report and remit the cannabis excise tax to the appropriate entities.

We will provide an invoice, receipt, or other similar document to the cannabis business from which taxes are collected that identifies the business receiving the product, the business from which the product originates, including any associated unique identifier, the amount of cannabis excise tax, and any other information deemed necessary.

Insurance

We will at all times carry and maintain commercial general liability insurance in the aggregate in an amount no less than \$2,000,000.00 and in an amount no less than \$1,000,000.00 for each loss. See 16 CCR §5308. We will maintain insurance from an insurance company that is:

1. A non-admitted insurer, that meets the requirements of Insurance Code §1765.1 or 1765.2, and the insurance is placed pursuant to Insurance Code §1763 and through a surplus line broker licensed under Insurance Code §1765; or
2. An insurer qualified to do business in California by the Secretary of State and authorized by the Insurance Commissioner to write the liability and property classes of insurance as defined by Insurance Code §§102, 103, 107, 114, 108, and 120; or
3. A registered risk retention group compliant with the California Risk Retention Act of 1991. See California Insurance Code sections 125-140.

We will notify the City and the State, in writing, within fourteen (14) calendar days of a lapse in insurance by submitting the Notification and Request Form, BCC-LIC-027.

RETAIL OPERATIONS

We will use a community-driven, customer-centered care approach that will benefit all of our customers. This complex commitment dictates the features of our implementation strategy:

- Customer-centered care;
- A skilled and knowledgeable staff;
- A professional setting;
- Product variety;

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- Quality control;
- Support Services;
- Community outreach, and enabling/support services

Customer-Centered Care

The crucial element of our Customer-Centered Care approach will be meeting with our customers. This requires that our staff be well-trained, comfortable with diversity, and competent to interact appropriately with individuals from different backgrounds and different levels of “cannabis literacy”. The Cannabis Business will educate and empower its customers so that they share responsibility regarding their cannabis use and healthy lifestyle choices.

Our Customer-Centered Care focused Cannabis Business will provide:

- A welcoming environment;
- Respect for customer values and expressed needs;
- Socio-cultural competent staff;
- Help with coordination of care across providers (for medical use customers);
- Emphasis on customer comfort and support; and
- Community outreach and collaboration.

Our staff, facility, and operations will prioritize the safe and careful implementation of the cannabis laws of the State of California, including the Compassionate Use Act of 1996, Medical Marijuana Program Act, Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), and the Hayward Cannabis Ordinance.

Our staff, facility, and operations will recognize that customers who use cannabis for medical purposes upon the recommendation of a physician should have reasonable and safe access to cannabis for medical purposes as provided for under the laws of the State of California. For our medical use customers, our staff, facility, and operations will maintain a holistic focus and supportive services. We will seek to identify underlying factors that broadly influence quality of life, with emphasis falling on pain management, avoiding unhealthy behaviors, lifestyle change, improving physical conditioning, adopting better nutritional practices, reducing stress, and taking advantage of the profound mental health benefits that patients can derive from interpersonal support such as counseling, support groups, and community activities with those suffering from similar conditions.

Our facility will maintain a professional look and feel.

We will conduct retail cannabis sales as provided for in *Business and Professions Code section 26000, et. seq.* We will comply with all the requirements applicable to Retailer licensees. We will only sell cannabis, whether adult-use or medical, to individuals who are at least 21 years of age.

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Facility

Delivery

The delivery of cannabis to consumers is a retail function. As such, the delivery operations will operate out of the Retail Room and the Delivery Room. This area is for the delivery of cannabis to consumers.

The delivery of cannabis to consumers is a retail function. As such, the delivery operations will take place within the retail premises – specifically in the Delivery room. This area is for the delivery of cannabis to consumers (this is not to be confused with the area in our Distribution room for transport of cannabis and cannabis products to other licensees which will occur within our distribution premises).

We will have a delivery fleet and these vehicles will be parked onsite when not in use.

Orders will be received by phone, by email, by text message or through the online shopping cart. All processing for deliveries of cannabis goods will occur between the hours of 6:00 a.m. Pacific Time and 10:00 p.m. Pacific or as allowed pursuant to the Conditional Use Permit granted by the City of Hayward.

Prior to order acceptance, customers must verify they are over the age of 21 by providing a valid government-issued photo ID. This information will be stored in a customer profile for future verification.

Medical patients must also provide a valid state-issued Medical Marijuana Identification Card (MMIC).

Product and cash will be stored in locked containers within the delivery vehicles when out in the field and within a cash safe that is bolted to the floor when on the licensed premises. The locked containers within the vehicles will be out of direct sight from outside the vehicle and secured to car using a chain or metal cable and a lock.

When making deliveries drivers will check their surroundings and, upon determining it is safe to do so, exit the vehicle. If the driver deems it not safe, they will drive away from the area immediately and call their manager who will, along with our security team, give the driver instructions. Drivers will verify the ID of the person to ensure they are over 21 and that their name matches the name on the order. After processing the transaction the driver will get in the car, lock the doors, secure the cash (if any) in the locked container, and proceed to their next destination.

When delivery drivers are picking up product from the shop or otherwise returning to the licensed premises, drivers will call the security team to ensure the facility is safe and alert them of their pending arrival.

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Verification of Age

We will verify the identity and age, and physician's recommendation if applicable, of every customer that enters the facility, as required by *16 CCR §5402(a)*, by requesting one of the following:

1. 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, physical description, and photo of the person;
2. A valid identification card issued to a member of the Armed Forces that includes a date of birth and a photo of the person; or
3. A valid passport issued by the United States or by a foreign government.

Daily Limits

We will not sell more than the following amounts to an adult-use cannabis customer:

1. We will not sell more than 28.5 grams of non-concentrated cannabis in a single day to a single customer.
2. We will not sell more than 8 grams of concentrated cannabis as defined in Business and Professions Code §26001, including concentrated cannabis contained in cannabis products, in a single day to a single customer.
3. We will not sell more than 6 immature cannabis plants, in a single day to a single customer.

We will not sell more than the following amounts to a medicinal cannabis customer:

1. We will not sell more than eight ounces of medicinal cannabis in a single day to a single medicinal cannabis customer.
2. If a valid physician's recommendation contains a different amount than the limits listed in this section, the medicinal cannabis customer may purchase an amount of medicinal cannabis consistent with the patient's needs as recommended by a physician.

Free Cannabis or Cannabis Products

Pursuant to *Business and Professions Code Section 26071*, we will only provide free cannabis or cannabis products if all of the following criteria are met:

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1. Free cannabis or cannabis products are provided only to a medicinal cannabis patient or the patient's primary caregiver. "Medicinal cannabis patient" includes a qualified patient, as defined under Section 11362.7 of the Health and Safety Code, or a person in possession of a valid identification card issued under Section 11362.71 of the Health and Safety Code.
2. We confirm that the individual possesses a valid physician's recommendation
3. We confirm that the physician is in good standing by:
 1. Verifying with the Medical Board of California, the Osteopathic Medical Board of California, and the California Board of Podiatric Medicine that the attending physician has a license in good standing to practice medicine or osteopathy in the state.
 2. Keeping a copy of the patient's or primary caregiver's driver's license or other government issued identification.
4. The cannabis or cannabis products to be provided for free comply with all applicable requirements for cultivation, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or donation.
5. The products are designated for donation in our Track and Trace system.
6. Before being provided to the patient or primary caregiver, the cannabis or cannabis products are properly recorded in the Track and Trace system as belonging to the retailer.
7. The cannabis or cannabis products provided to a medicinal cannabis patient or the primary caregiver of the patient in a single day do not exceed the possession limits set forth herein.
8. The event is properly recorded in our inventory records and the Track and Trace system. We will include in our inventory records for each medicinal cannabis patient the number of an identification card issued pursuant to *Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of the Health and Safety Code* or a copy of the physician's recommendation for no less than four years. If the medicinal cannabis patient is a qualified patient, as defined under *Section 11362.7 of the Health and Safety Code*, that possesses a valid physician's recommendation, we will certify in writing that we verified the recommendation and will keep a copy of that certification for no less than seven years.
9. We will note the donation in our sales invoice or receipt pursuant to *Section 26161 of the Business and Professions Code*.

We reserve the right to provide non-cannabis goods for free (e.g. batteries, t-shirts, water bottles, etc.).

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We may also donate cannabis goods and the use of equipment in compliance with any compassionate use, equality, or other similar program administered by a local jurisdiction, as allowed by law.

Preventing On-Site Consumption

We will not allow cannabis to be consumed on the premises or within 300 feet of the premises. Our on-site security personnel monitor the outside perimeter of the premises, the parking sites immediately adjacent to the premises/those parking areas used our customers, and sidewalks adjacent to our premises to ensure that no one is consuming cannabis in these areas.

In the event that we learn that a customer, employee or visitor is improperly consuming cannabis on the premises or within 300 feet of the premises, that person will be discharged (if an employee) or not allowed to return (if a customer or visitor).

Returns

As a retailer, we may accept customer returns of cannabis goods that were previously sold to a customer. We will not resell cannabis goods that have been returned. We will treat any cannabis goods abandoned on our premises as a customer return. We will destroy all cannabis goods that have been returned to us by a customer, in accordance with *16 CCR §§5054 and 5055*.

Variety of Products

Lawfully Acquired Cannabis Only

We will not make any cannabis goods available for sale or delivery to a customer unless:

1. The cannabis goods were received from a licensed distributor;
2. We have verified that the cannabis goods have not exceeded their expiration or sell- by date if one is provided; and
3. In the case of manufactured cannabis products, the product complies with all requirements of Business and Professions Code section 26130 and all other relevant laws.

Product Variety

Different strains of cannabis have different effects, some offering relief from a given condition more than others. Furthermore, customers with serious medical conditions, such as those with a wasting syndrome or undergoing chemotherapy for cancer, can have very specific tolerances, intolerances, and idiopathic reactions to medication. To offer customers customized and scientifically precise treatment options, it is critical that we provide as wide a variety of products,

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including strains of medical cannabis and as great a variety of delivery methods as possible.

Permitted Products

Dried Cannabis: Sativa, Indica, & Hybrids

The effectiveness of cannabis is directly related to strain selection. Therefore, we will recommend care be taken in selecting appropriate strains to meet the customer's needs.

Edibles

We plan to offer several different edible product lines to cater to the various medical, nutritional, financial and taste needs of its customers. Infusing cannabis into foods is a long-practiced and very effective method to use cannabis as medicine. However, careful dosing is important. Edibles can be used as effectively as smoking or vaporizing.

Concentrates

Our product inventory will ensure customers have a variety of consumption methods that suit each person's needs and lifestyle. Our product inventory is designed to provide cannabis in readily accessible forms.

Medicinals

Our product inventory of medicinals is designed to conveniently access the palliative as well as curative properties of cannabis. Each different delivery method of ingestion is targeted to treat specific diseases; for example, capsules and tonics have the potency to provide curative treatment, while the oral spray and chewing gum are designed for immediate palliative treatment of pain or spasticity. All products for medical will use will be labeled as such.

Topicals

Our product inventory of topicals is designed to provide topical applications of cannabis for arthritic customers, or customers with injuries. Topicals have an analgesic and anti-inflammatory effect to reduce or eliminate pain.

Prohibited Products

The following types of products will not be sold as edible cannabis products:

1. Alcoholic beverages, as defined in *Business and Professions Code §23004*. "Alcoholic beverage" does not include tinctures.

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2. Any product containing any non-cannabinoid additive that would increase potency, toxicity, or addictive potential, or that would create an unsafe combination with other psychoactive substances. Prohibited additives include, but are not limited to, nicotine and caffeine. This prohibition will not apply to products containing naturally- occurring caffeine, such as coffee, tea, or chocolate.
3. Any cannabis product that will be held at or below 41 degrees Fahrenheit to keep it safe for human consumption, including, but not limited to, cream or custard-filled pies; pies or pastries which consist in whole or in part of milk or milk products, eggs, or synthetic fillings; or meat-filled pies or pastries. This prohibition will not apply to juices or beverages that need to be held below 41 degrees Fahrenheit if the juice or beverage was processed in accordance with *17 CCR §40270*;
4. Any low-acid cannabis product with a finished equilibrium pH greater than 4.6 and water activity greater than 0.85, packed in a hermetically sealed container in a reduced oxygen package (e.g. vacuum packed);
5. Any juice that is not shelf-stable or that is not processed in accordance with *17 CCR §40270*;
6. Dairy products of any kind, as prohibited by subdivision (t) of section 26001 of the Business and Professions Code, except that butter purchased from a licensed milk products plant or retail location may be subsequently infused with cannabis and sold as a cannabis product;
7. Meat products other than dried meat products prepared in accordance with *17 CCR §40272*;
8. Seafood products of any kind;
9. Any product that is manufactured by application of cannabinoid concentrate or extract to commercially available candy or snack food items without further processing of the product.
10. Any cannabis product that the Department determines is attractive to children;
11. Any cannabis product that the Department determines is easily confused with commercially available foods without cannabis.
12. Any cannabis product in the shape of a human being, either realistic or caricature, animal, insect, or fruit.

Sale of Non-Cannabis Products on Premises

We will sell non-cannabis products if it remains in compliance with any city, county, and state laws or regulations related to those products. We will not sell alcohol and alcohol products and

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tobacco and tobacco products from sale at any licensed premises.

Live Plants

We will only sell live, immature cannabis plants and seeds if all of the following requirements are met.

1. The plant is not flowering;
2. The plant or seed was purchased from a nursery that holds a valid Nursery license under MAUCRSA; and
3. A label is affixed to the plant or package containing any seeds which states "This product has not been tested pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act."

Sale of Non-Cannabis Products on Premises

We will sell non-cannabis products if it remains in compliance with any city, county, and state laws or regulations related to those products. We will not sell alcohol and alcohol products and tobacco and tobacco products from sale at any licensed premises.

Live Plants

We will only sell live, immature cannabis plants and seeds if all of the following requirements are met.

4. The plant is not flowering;
5. The plant or seed was purchased from a nursery that holds a valid Nursery license under MAUCRSA; and
6. A label is affixed to the plant or package containing any seeds which states "This product has not been tested pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act."

The Cannabis Business will not sell any other live plants unless it is licensed as a Nursery.

The Cannabis Business will not apply nor use any pesticide, nor cause any pesticide to be applied nor used, on live plants unless it is authorized to do so as a licensed cultivator.

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PRODUCT MOVEMENT WITHIN FACILITY

As a microbusiness, we will be transferring cannabis through our various premises – cultivation, distribution, manufacturing and retail. All product will be moved between buildings using a cart when the parking lot gate is closed and secure or via a distribution vehicle when the parking lot gate is open.

SECURED FACILITY WITH LIMITED ACCESS

Security

As is set forth in more detail in the Safety and Security Plan, inner security measures will include:

1. Video Surveillance System
 1. Onsite digital video recorder server with 4mp cameras.
 2. Secured in locked rack enclosure.
 3. Recording Continuously 24hrs per day @ 1080p & 15FPS
 4. Video maintained for 90 days
 5. Available on request by appropriate enforcement officers.
2. One (1) security guard(s) (armed)
3. 24 hour security and fire monitoring system by Protection Link
 - a. Each user will have a unique code to arm/disarm sensitive areas of the building when not in use.
 - b. Motion detectors for sensitive areas when not in use.
4. Internal Cannabis Waste receptacles (locked)
 1. Cannabis waste receptacles provided by WasteTrakr
 2. Waste removal provided by WasteTrakr
5. Key Control System which details controlled keys and controlled access to areas that would not require a FOB – such as access to the cannabis waste receptacles.
6. Employees will be badged
7. Controlled Visitor and Vendor access - Monitoring and recording of credentials utilizing Visitor/vendor software
 1. Takes photo of individual
 2. Records name and identification
 3. Prints out a visitor badge with photo
8. Safes
 1. Reputable brand such as Sentry Safe
 2. Bolted to ground
 3. Less than 6 feet high
- ___9. Utilization of Armored Car company

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1. Removing of cash from premises
2. Delivering change orders
10. Controlled entrance and exits (entrance will have an employee, verifying and directing)
11. Sensor lighting – appropriate lighting in all areas, sensor lighting when someone walks into area
12. Secured Fencing throughout campus with gate access monitored by security
13. Video recording of license plates arriving and departing

Facility Access

As is outlined in the Security Plan, access to and within the facility will be tightly controlled and monitored. Access to and within the facility will be controlled by key fob access. Delivery employees will only have access to the delivery areas, the breakroom/break areas, and associated hallways for access. Manufacturing employees will only have access to the manufacturing areas, the breakroom/break areas, and associated hallways for access. Distribution employees will only have access to the distribution areas, the breakroom/break areas, and associated hallways for access.

Permissions, as set forth above, will be utilized to control employee key fob holder's access to only the relevant rooms or areas that are required for them to do their job.

Employee Parking

Employee vehicles will be kept onsite and at identified off-site parking locations. Always On Time encourages its employees to ride share and will pay for public transportation for its employees. There are gates around the premise.

TRACK-AND-TRACE SYSTEM

Designated Account Manager

For all of our operations, we will create and maintain an active and functional account within the track and trace system and have designated Doug Chloupek as the track and trace system account manager. The designated account manager and all other employees authorized to use the Track and Trace systems have attended and successfully completed all required track and trace system training, including any orientation and continuing education.

Our account manager will maintain a complete, accurate, and up-to-date list of all track and trace system users, consisting of their full names and usernames. We will monitor all compliance notifications from the track and trace system, and timely resolve the issues detailed in the

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compliance notification and keep a record, independent of the track and trace system, of all compliance notifications received from the track and trace system, and how and when compliance was achieved. If any user ceases being authorized to have access to our track and trace account, then, within three (3) calendar days, our account manager will cancel the access rights of said track-and-trace user. If an error occurs, we will correct any such data within three (3) calendar days of discovery of the error and notify the Bureau of Cannabis Control immediately for any loss of access that exceeds three (3) calendar days.

Ordering UID Tags

Within five (5) calendar days of the date our designated account manager(s) is credentialed by the Bureau of Cannabis Control to use the track-and-trace system, the designated account manager will request UIDs from METRC.

We will only use UIDs provisioned and distributed by Bureau of Cannabis Control or it's designee.

We will maintain a sufficient supply of UIDs in inventory to support tagging in accordance with the State regulations.

We will use the track-and-trace system to document receipt of provisioned and distributed UIDs within three (3) calendar days of physical receipt of the UIDs.

Information Recorded in Track and Trace

We will use the track-and-trace system for recording all applicable commercial cannabis activities. To that effect, all cannabis will be entered into track and trace starting with seed, cannabis which has been propagated onsite or purchased from a licensed nursery, or seedling purchased from a licensed nursery.

The UID tag will accompany the cannabis products through all phases of the growing cycle, as follows:

1. All immature plants, to the extent they exist, will assigned a UID to each established lot respectively. The lot UID shall be placed in a position so it is visible and within clear view of an individual standing next to the immature lot to which the UID was assigned, and all UIDs shall be kept free from dirt and debris.
2. Each lot of immature plants shall be uniform in strain or cultivar and shall not have more than one hundred (100) immature plants at any one time. All immature plants in a lot shall be labeled with the corresponding UID number assigned to the lot and shall be contiguous to one another to facilitate identification by Bureau of Cannabis Control.
3. Each immature plant intended for retail sale will have a UID affixed or be labeled with the corresponding UID number of the lot and be recorded in the track-and-trace system prior to

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transfer from the licensed nursery.

4. We will apply a UID to all individual plants at the time any plant is moved to the designated canopy area or when an individual plant begins flowering. We may tag individual immature plants prior to movement to the designated canopy area or prior to flowering.
5. Each mature plant will have a UID tag which will be attached to the main stem, at the base of each plant. The UID will be attached to the plant using a tamper evident strap or zip tie and placed in a position so it is visible and within clear view of an individual standing next to the mature plant to which the UID was assigned and UIDs will be kept free from dirt and debris.
6. We will not remove the UID from the mature plant to which it was attached and assigned until the plant is harvested, destroyed, or disposed.
7. Each harvest batch will be assigned a unique harvest batch name which will be associated with all UIDs for each individual plant, or portion thereof, contained in the harvest batch. All cannabis and nonmanufactured cannabis products derived from the harvest batch will have a UID associated with the corresponding harvest batch name from which the cannabis and nonmanufactured cannabis products were derived.

We will report the following in the Track and Trace system:

1. Any and all transfers of cannabis or nonmanufactured cannabis products to another licensee prior to the movement of the cannabis or nonmanufactured cannabis products off the licensed premises.
2. Any and all cannabis or nonmanufactured cannabis products physically received or rejected from another licensee within twenty-four (24) hours of receipt or rejection of the products.
3. Any and all information related to the disposition of cannabis and nonmanufactured cannabis products, as applicable, on the licensed premises. All applicable information as follows shall be reported within three (3) calendar days of the applicable event:
 1. Creating a planting of an immature plant lot;
 2. Moving immature plants to a designated canopy area, or when an individual plant begins flowering, or when applying a UID to an immature plant, in accordance with 3 *CCR §8403(b)(3)*;
 3. Destruction or disposal of an immature or mature plant;
 4. Harvest of a mature plant, or portion thereof. The following information will be reported for each harvested plant, or portion thereof, or harvest batch:
 1. The wet weight of each harvested plant, or portion thereof, which must be obtained by the licensee immediately after harvest of the plant, or portion thereof;
 2. The net weight of each harvest batch, obtained pursuant to 3 *CCR §8406(b)*;
 3. The weight of cannabis waste associated with each harvest batch;

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4. The unique name of the harvest batch and the initiating date of the harvest. For the purposes of this section, the initiating date of the harvest is the month, day, and year the first mature cannabis plant(s) in the harvest batch were cut, picked, or removed from the soil or other growing media. The initiating date of the harvest shall be recorded using the MM/DD/YYYY format. For example, January 1, 2018 would be recorded as 01/01/2018.
5. Packaging.

4. For each transfer of cannabis or nonmanufactured cannabis products to, or cannabis or

nonmanufactured cannabis products received from, another licensee, we will enter the following information:

1. Name, business address, and department or other licensing authority issued license number of the seller;
 2. Name, business address, and department or other licensing authority issued license number of the purchaser;
 3. Name and department issued license number of the distributor;
 4. Date of sale, transfer, or receipt (month, day, and year) of cannabis or nonmanufactured cannabis products;
 5. Weight or count of individual units of cannabis or nonmanufactured cannabis products sold, transferred, or received;
 - i. Weight. For the purposes of this section a licensee must use wet weight or net weight. Wet weight and net weight shall be determined following weighing device requirements pursuant to section 8213 of this chapter and measured, recorded, and reported in U.S. customary units (e.g., ounce or pound) or International System of Units (e.g., kilograms, grams, or milligrams).
 - ii. Count. For the purposes of this section, “count” means the numerical count of the individual plants or units.
 6. Estimated departure and arrival time;
 7. Actual departure time;
 8. Description for each item, including strain or cultivar, and all of the applicable information below:
 - i. Plant;
 - ii. Flower;
 - iii. Leaf;
 - iv. Shake;
 - v. Kief; and
 - vi. Pre-rolls.
 9. UID(s).
5. Upon destruction or disposal of any cannabis or nonmanufactured cannabis products, the applicable UIDs shall be retired in the track-and-trace system within three (3) calendar days of the destruction or disposal and be performed in accordance with the licensee’s approved cannabis waste management plan.

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6. We will also record the net weight of all harvested cannabis once the majority of drying, trimming, and curing activities have been completed, or within sixty (60) calendar days from the initial harvest date, whichever is sooner.

Loss of Connectivity

If we lose access to the track-and-trace system for any reason, we will prepare and maintain comprehensive records detailing all required inventory tracking activities conducted during the loss of access. Once access to the track-and-trace system is restored, all inventory tracking activities that occurred during the loss of access shall be entered into the track-and-trace system within three (3) calendar days.

Further, we will document the date and time when access to the track-and-trace system was lost, when it was restored, and the cause for each loss of access.

During the loss of connectivity, we will not transfer cannabis or nonmanufactured cannabis products to a distributor until such time as access to the system is restored and all information is recorded into the track-and-trace system.

Track and Trace System Reconciliation

In addition to the inventory reconciliation set forth above, we will reconcile the physical inventory of cannabis goods at our licensed premises with the records in the track and trace database at least once every thirty (30) calendar days.

If we find a discrepancy between the physical inventory and the track and trace system database, we will conduct an audit, and notify the Bureau of Cannabis Control and the City of Hayward of any reportable activity.

RECORD KEEPING

Pursuant to §6-14.14 of the *Hayward Municipal Code*, we will maintain books, records, accounts and all data and information relevant to its operations and allow the City access to such records for purposes of conducting an audit or examination to determine compliance with Article 14, the *Hayward Municipal Code*, and other local regulations, including compliance with local tax obligations.

The Cannabis Business will keep, or cause to be kept, a true and correct copy of the Cannabis Permit, the Conditional Use Permit and the State issued license, in legible condition, on the premises of that Cannabis Business. The Cannabis Business will present, or cause to be presented, the copy of its Cannabis Permit, the Conditional Use Permit and the State issued license to a City police officer or City code enforcement officer who is at the site of we immediately upon request.

Pursuant to State law, we will keep and maintain the following records related to commercial cannabis activity for at least seven years:

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1. Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration (formally Board of Equalization) under Title 18 California Code of Regulations sections 1698 and 4901.
2. Personnel records, including each employee's full name, social security or individual taxpayer identification number, date employment begins, and date of termination of employment if applicable.
3. Training records, including but not limited to the content of the training provided, and the names of the employees that received the training.
4. Contracts with other licensees regarding commercial cannabis activity.
5. Permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.
6. Security records, except for surveillance recordings required pursuant to section 5044 of this division.
7. Records relating to the composting or destruction of cannabis goods.
8. Documentation for data or information entered into the track and trace system.
9. All other documents prepared or executed by an owner or his employees or assignees in connection with the licensed commercial cannabis business.
10. Records relating to branding, packaging and labeling;
11. Inventory logs and records;
12. Transportation bills of lading and shipping manifests for completed transports and for cannabis goods in transit;
13. Vehicle and trailer ownership records;
14. Quality-assurance records;
15. Records relating to destruction of cannabis goods;
16. Laboratory-testing records;
17. Warehouse receipts;
18. Records relating to tax payments collected and paid under Sections 34011 and 34012 of the Revenue and Tax Code.

The records will be kept in a manner that allows the records to be produced for the Bureau at the licensed premises in either hard copy or electronic form, whichever the Bureau requests.

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WEIGHTS AND MEASURES

The accurate weight of any product places a role in determining the price of the product, the potency of a product, etc. therefore our weighing device(s) will be approved, tested, and sealed in accordance with the requirements in Chapter 5 (commencing with Section 12500) of Division 5 of the Business and Professions Code, and registered with the county sealer consistent with Chapter 2 (commencing with 12240) of Division 5 of the Business and Professions Code. Approved and registered devices will be used whenever:

1. Cannabis or cannabis product is bought or sold by weight or count¹;
2. Cannabis or cannabis product is packaged for sale by weight or count;
3. Cannabis or cannabis product is weighed or counted for entry into the track-and- trace system; and
4. The weighing device is used for commercial purposes as defined in section 12500 of Business and Professions Code.

For bulk shipments of cannabis and cannabis products, a licensee will be licensed as a weighmaster, and a certificate issued by a licensed weighmaster, will be consistent with the requirements in Chapter 7 (commencing with section 12700) of Division 5 of Business and Professions Code.

PRODUCT COMPLAINTS AND RECALLS

All product complaints will be review and handled expeditiously and in an appropriate manner. A designated, qualified individual employed by us will:

1. Review and investigate all product complaints² to determine whether such complaints involve a possible failure of a cannabis product to meet any of its specifications;
2. Review all records and approve decisions determining whether to investigate a product complaint and will review and approve the findings and follow up action(s) of any investigation performed;
3. Maintain written records for every product complaint and subsequent investigation, if any. The records will include:
 - (a) The name and description of the cannabis product;
 - (b) The batch number or UID of the cannabis product, if available;
 - (c) The date the complaint was received and the name, address, and/or telephone number of the complainant, if available;

¹ Count is the numerical count of the individual cannabis product units.

² Any communication that contains any allegation, written, electronic, or oral, expressing concern, for any reason, with the quality of a cannabis product that could be related to the manufacturing practices. Examples of product complaints may include but are not limited to: foul odor, off taste, illness or injury, disintegration time, color variation, foreign material in a cannabis product container, improper packaging, mislabeling, cannabis products that contain incorrect concentration of cannabinoids, or cannabis products contain a wrong ingredient, or any form of contaminant.

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- (d) The nature of the complaint including, if known, how the product was used;
- (e) The reply to the complainant, if any; and
- (f) Any findings of the investigation and/or follow-up action taken when an investigation is performed.

In the event we determine any product manufactured by us to be misbranded or adulterated, we will notify:

1. All customers that have, or could have, obtained the product, including communication and outreach via media, as necessary and appropriate; and
2. Any licensees that supplied or received the recalled product of the recall and the basis for the recall.
3. We will further release instructions to the general public and/or other licensees for the return and/or destruction of recalled product. Upon receipt of the recalled product, we will:
 4. Be quarantined for a minimum of 72 hours. We will affix to the recalled products any bills of lading, shipping manifests, or other similar documents with product information and weight, and will notify the Department of the quarantine. The product held in quarantine will be subject to auditing by the Department.
 5. Following the quarantine period, render the recalled cannabis product unusable and unrecognizable in accordance with Section 40290, and do so on video surveillance in accordance with Section 40205. Except as provided in subparagraph (A), recalled cannabis product that has been rendered unusable and unrecognizable is considered cannabis waste and will be disposed of in accordance with Section 40290, cannabis waste management.
 6. Dispose of chemical, dangerous, or hazardous waste in a manner consistent with federal, state, and local laws. This requirement will include but is not limited to recalled products containing or consisting of pesticide or other agricultural chemicals, certain solvents or other chemicals used in the production of manufactured cannabis batches, and cannabis soaked in a flammable solvent for the purpose of producing manufactured cannabis batches.
 7. Not dispose of recalled product in an unsecured area or waste receptacle that is not in the possession and/or control of the licensee.

In addition to the tracking requirements set forth in *Section 40512*, we will use the track-and- trace database and on-site documentation to ensure that recalled cannabis products intended for destruction are identified, weighed, and tracked while on the licensed premises and when disposed of in accordance with this section. For recalled cannabis products, we will enter the following details into the track and trace database: the weight of the product, reason for destruction, and the date the quarantine period will begin.

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We will notify the Bureau of Cannabis Control of any recall within 24 hours.

INSPECTIONS

As a microbusiness, we understand that we are subject to inspection by the Bureau of Cannabis Control, CalCannabis, Department of Food and Agriculture, the City of Hayward, and its inspectors or agents prior to receiving a new or renewal license.

We will allow all State and local agencies and their inspectors/agents free access at reasonable times to the premises so that they may determine compliance with the provisions of the State and local laws and regulation.

TAX COMPLIANCE AND ACCOUNTING

We will comply with local, state, and federal tax requirements. We are well aware of the unique federal tax implications for cannabis businesses and have consulted with appropriate professionals to ensure full compliance with the Internal Revenue Service's treatment of cannabis. We will obtain all required tax identification and permit numbers from the IRS and California Department of Taxes and Fees Administration (CDTFA). We understand that, as a Distributor, one of our primary functions, in addition to testing of products, is the collection and payment of taxes to the CDTFA. To that effect, we will collect all cultivation taxes from cultivators and manufactures, as applicable and all excise taxes from retailers, as applicable.

In an arm's length transaction, we will collect the cannabis excise tax from the cannabis retailer on or before 90 days after the sale or transfer of cannabis or cannabis product to the cannabis retailer. In a non-arm's length transaction, we will collect the cannabis excise tax from the cannabis retailer on or before 90 days after the sale or transfer of cannabis or cannabis product to the cannabis retailer, or at the time of retail sale by the cannabis retailer, whichever is earlier. We will report and remit the cannabis excise tax to the appropriate entities.

We will provide an invoice, receipt, or other similar document to the cannabis business from which taxes are collected that identifies the business receiving the product, the business from which the product originates, including any associated unique identifier, the amount of cannabis excise tax, and any other information deemed necessary.

NOTIFICATION OF CHANGE OF OWNERSHIP OR OPERATIONAL CONTROL

We will notify the City if we intend to transfer ownership or operational control of the business. The transferee will be responsible for complying with all applicable local and state licensing requirements. Any conditions imposed upon the transferor by the original conditional use permit will be binding upon any subsequent transferees. Any transfer of ownership or operational control of the business which results in a lapse of normal operations for a period of six months or more will obtain a new use permit, consistent with *Sections 10-1.3170 or 10-1.3270 of the Hayward*

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Municipal Code, as applicable.

START UP ACTIVITIES

Time Period (commencing after obtaining Cannabis Permit)	Activity
0-6 months	Apply for and obtain Conditional Use Permit for facility location
6-12 months	Complete any construction and/or improvement projects at the facility location as requested by the City of Hayward
10 months	Upon receipt of CUP, apply for State license. Upon receiving State license, <ul style="list-style-type: none"> • Begin operations • Attend workshops to understand California's track and trace system • Attend training to learn the POS system
10-12 months	<ul style="list-style-type: none"> • Implement our marketing plan • Create a following and advertise through social media outlets, email marketing, and our web presence