

Inventory Control Plan

Executive Summary

Farmers NJ LLC (“Farmers”) is a proud New Jersey entity deeply committed to providing high-quality, affordable products to our community, and our dedication to dispensing excellent products is surpassed only by our sterling compliance record. Our team has exhaustively assessed the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, N.J.S.A. § 24:6I-31 et seq. (“CREAMM Act”), the New Jersey Cannabis Regulatory Commission (“CRC”) Personal Use Cannabis Rules, N.J.A.C. § 17:30-1.1 et seq. (“CRC Rules”), and the Code of the City of Atlantic City (“Atlantic City Code”), and we are confident that our retail facility (“Facility”) will be a shining example of how to conduct compliant operations in New Jersey.

Farmers will use the METRC inventory tracking system designated by the CRC to track the storage, transportation, and retail sale of cannabis items.¹ Additionally, Farmers will use plant tags and labels compatible with the CRC-designated system and will bear any costs associated with the acquisition of such compatible plant tags and for any costs associated with additional software or hardware that ensures compatibility with the CRC-designated system.²

Inventory Tracking and Recordkeeping

To track cannabis effectively, Farmers will:

- Utilize (and be responsible for any fees associated with) the inventory tracking system designated by the CRC pursuant to N.J.A.C. § 17:30-3.6, including any plant tags, product identification tags, or stamps designated by the CRC pursuant to N.J.A.C. §§ 17:30-3.6 and 13.4;
- Conduct an initial comprehensive inventory of all cannabis in the possession of Farmers at the Facility on the date Farmers first engages in the sale of cannabis.
 - The inventory will include damaged, defective, expired, or adulterated cannabis awaiting disposal, including the name, the quantity, and the reasons for which Farmers is maintaining the cannabis.
 - The initial comprehensive inventory will be reported to the CRC utilizing the inventory tracking system;
- Establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of stored, usable, and unusable cannabis;
- Update product inventories on at least a daily basis;
- Conduct a monthly inventory audit of stored, usable, and unusable cannabis;
- Conduct a comprehensive annual inventory audit at least once every year from the date of the previous comprehensive inventory; and
- Promptly transcribe inventories.³

The record of an inventory will include, at a minimum: (1) the date of the inventory; (2) a summary of the inventory findings; and (3) the name, signature, and title of the persons who conducted the inventory.⁴

¹ N.J.A.C. § 17:30-3.6(a).

² N.J.A.C. § 17:30-3.6(b)(1)-(2).

³ N.J.A.C. § 17:30-9.13(a)(1)-(7).

⁴ N.J.A.C. § 17:30-9.13(b).

Storage of Cannabis Items

Farmers will store all cannabis items in an enclosed indoor, locked area pursuant to N.J.A.C. § 17:30-9.12 where access to such area is limited to an owner, principal, employee, or volunteer of Farmers or staff members of Farmers' management services contractor that possess a Cannabis Business Identification Card when acting in their official capacity.⁵ Farmers will limit access to cannabis item storage areas to the minimum number of authorized personnel necessary to maintain safe and orderly operations.⁶ When it is necessary for visitors to be present in or passthrough cannabis item storage areas, Farmers will provide for adequate observation of the area by Farmers personnel whom Farmers specifically authorized by policy or job description to supervise the activity.⁷ Farmers will, in its Standard Operating Procedures, identify the personnel with authorization to access the storage area.⁸

Farmers will securely store finished usable cannabis and cannabis products that are ready for sale in a locked area, which may include a locked room, cage, or safe, with adequate security and limited access.⁹ "Adequate security" will be assessed, established, and maintained based on: the quantity of cannabis items kept on-hand; Farmers' inventory system for tracking and distributing cannabis items; the number of owners, principals, employees, volunteers, management services contractor staff, or vendor-contractors who have or could have access to the cannabis items; the geographic location of the premises and its associated environmental characteristics, such as the remoteness of the premises from local populations and the relative level of crime associated with the area; the scope and sustainability of the security alarm system; and the findings of root cause analyses of any breaches of security and/or inventory discrepancies for cannabis items at that location.¹⁰

Diversion Prevention

Farmers will ensure that the Facility, including any curbside retail area, is secure and compliant with N.J.A.C. § 17:30-9.10.¹¹ Farmers will ensure that all transport and delivery of cannabis items is conducted in a secure manner.¹² Farmers will provide effective controls and procedures to guard against unauthorized access to the Facility, theft, and diversion of cannabis.¹³

Farmers will install, maintain in good working order, and operate a safety and security alarm system at the Facility that will provide suitable protection against theft and diversion and that provides, at a minimum:

1. Immediate automatic or electronic notification to alert Farmers personnel and law enforcement to an unauthorized breach of security or an alarm or system failure at the Facility; and

⁵ N.J.A.C. § 17:30-12.7.

⁶ N.J.A.C. § 17:30-9.12(a).

⁷ N.J.A.C. § 17:30-9.12(a)(1).

⁸ N.J.A.C. § 17:30-9.12(a)(2).

⁹ N.J.A.C. § 17:30-9.12(b).

¹⁰ N.J.A.C. § 17:30-9.12(b)(1)(i)-(vi).

¹¹ N.J.A.C. § 17:30-12.4(c)(6).

¹² N.J.A.C. § 17:30-9.15(a); N.J.A.C. § 17:30-12.8(d)-(e).

¹³ N.J.A.C. § 17:30-9.10(a).

2. A backup system that activates immediately and automatically upon a loss of electrical support and immediately issues either automatic or electronic notification to law enforcement of the loss of electrical support.¹⁴

A visitor entering the Facility—including a vendor-contractor that does not possess a Cannabis Business Identification Card—must be accompanied by a Farmers escort with a Cannabis Business Identification Card at all times.¹⁵

Farmers will ensure that no cannabis or cannabis paraphernalia is displayed in a manner that is clearly visible to a person from the exterior of the Facility.¹⁶

Farmers, upon becoming aware of a reportable loss, discrepancies identified during inventory, diversion, or theft—whether or not the cannabis, funds, or other lost or stolen property is subsequently recovered and/or the responsible parties are identified, and action taken against them—will: (1) immediately notify appropriate law enforcement authorities by telephone; and (2) notify the CRC no later than three hours after discovery of the event.¹⁷

Farmers will notify the CRC within 24 hours by telephone, followed by an email within five business days in the event of any of the following:

1. An alarm activation or other event that requires response by public safety personnel.
2. A breach of security.
3. The failure of the security alarm system due to a loss of electrical support or mechanical malfunction that is expected to last longer than eight hours.
4. Corrective measures taken, if any.¹⁸

Farmers will also report any diversions, losses, or other reportable events that occur during delivery to the appropriate state and local authorities, including the CRC.¹⁹

Disposal

Farmers will dispose of any cannabis in accordance with N.J.A.C. § 17:30-9.14. Specifically, Farmers will destroy or render the cannabis unusable, and Farmers will create and maintain a written record of the disposal and weigh the cannabis and update it in the inventory prior to disposal or destruction.²⁰ Within 10 business days after destroying the cannabis, Farmers will notify the CRC, in writing, of the amount of cannabis destroyed, including the form, weight, quantity, and any other information requested by the CRC.²¹ If Farmers' license expires without being renewed or is revoked, Farmers will: immediately discontinue any sale of cannabis items; weigh any cannabis in its inventory and update it in the inventory prior to disposal or destruction; destroy or dispose of all unused cannabis or surplus inventory in its possession by providing it to

¹⁴ N.J.A.C. § 17:30-9.10(b)(1)(i)-(ii).

¹⁵ N.J.A.C. § 17:30-9.4(l), (l)(1).

¹⁶ N.J.A.C. § 17:30-14.2(e)(3).

¹⁷ N.J.A.C. § 17:30-9.11(a)(1)-(2).

¹⁸ N.J.A.C. § 17:30-9.11(b)(1)-(4).

¹⁹ N.J.A.C. § 17:30-12.8(u).

²⁰ N.J.A.C. § 17:30-9.14(a).

²¹ N.J.A.C. § 17:30-9.14(c).

the CRC for destruction within 72 hours of the license expiring; and create and maintain a written record of the disposal of the cannabis.²²

²² N.J.A.C. § 17:30-9.14(b)(1)-(4).