

**NEW JERSEY CLASS 2
SAFETY AND SECURITY PLAN**

INTRODUCTION



Hammerhead Manufacturing Company NJ LLC (“HAMMERHEAD”) is seeking a Class 2 Manufacturing License from the New Jersey Cannabis Regulatory CRC (“CRC”). This Safety and Security Plan provides sets forth our unwavering commitment to strictly following the laws of New Jersey, CREAMMA, and the regulations promulgated by the CRC, The City of Atlantic City, and the Casino Reinvestment Development Authority (“CRDA”) and how we intend to achieve these goals.

Initially, HAMMERHEAD is committed to working with the Atlantic City Police Department towards ensuring our facility remains safe and secure at all times. As a Class 2 Manufacturer, we will NOT be open to the public, and will thus not face the myriad of pressures and issues traditional retailers confront in daily operations. However, with millions of dollars of equipment at risk in highly sensitive medical grade processes, HAMMERHEAD has established protocols and practices which will ensure both our Atlantic City host community and those who purchase our products of where they are located in the state receive the highest quality of care and products.

SAFETY AND SECURITY PLAN

HAMMERHEAD will implement a comprehensive safety and security plan that conforms with **N.J.A.C. §17:30-7.8; 9.10, and 11.1**, designed to deter and prevent unauthorized entry into the facility premises and maintain adequate control against the diversion, theft, and loss of marijuana. The Facilities Manager, Safety/Security Manager, and HR Manager are responsible for security plan administration.

PHYSICAL SECURITY

HAMMERHEAD will have a state-of-the art security system that utilizes commercial grade equipment. As required by **N.J.A.C. 17:30-9.10**, HAMMERHEAD will conduct maintenance inspections and tests of the security alarm system at intervals not to exceed 30 days. All security equipment and locks will: (1) be kept in good working order, (2) be installed by a commercial, licensed service provider, and (3) be tested no less than twice per year (in addition to the 30 day security alarm tests).

ENTRY AND EXIT POINTS

HAMMERHEAD will use the 734 Wiegand Interface Module by Digital Monitoring Products, Inc. or its equivalent for entry and exit electronic access control equipment, including:

- All doors will be 18-gauge hollow metal, or similar burglary-resistant material, with commercial-grade I, non-residential locks;
- Electric strike locks on all doors in the facility with an override option for emergency exit
- RFID proximity card access control on all doors to restricted areas and all exterior doors;
- RFID proximity card access control devices for all doors accessing a limited access area;

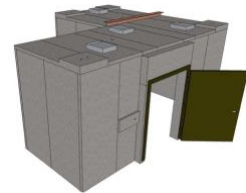
- Access control system allowing for programming individual user permissions and allowed entry times, as well as operations-specific information, e.g., employee photos;
- Access control system that identifies and monitors those entering and exiting; and,
- A backup battery system that immediately provides power for at least 24 hours.

LIGHTING AND WINDOWS

The outside perimeter of the Facility, including the parking lot, will be well-lit by commercial metal halide fixtures sufficient to facilitate surveillance. As per **N.J.A.C. 17:30-9.10**, exterior lighting will be designed not to disturb neighbors. Exterior lights at all entry and exit points will remain constantly illuminated for recording. Lighting on the outside perimeter will allow night vision cameras to record activity. Motion detecting lights will be installed in areas that are entered and exited infrequently. Motion sensors will be installed, using the professional series Anti-Mask Motion Sensors on the interior, including above the ceiling tiles. Glass break detection will also be used. All exterior windows at the Facility will have shock sensor alarms and motion detectors.

VAULTS

As per the requirements of **N.J.A.C. 17:30-9.10**, all marijuana and manufactured products in the Facility that is prepared for distribution shall be stored securely in compliance with **21 C.F.R. 1301.72**. To prevent diversion, theft or loss, all marijuana will be securely stored in an approved UL-listed walk-in Class 5 Rated vault with a Class 5 vault door with security features that comply with all applicable requirements of **21 C.F.R.**



1301.72(a)(3). All approved vaults will be kept securely locked and protected from entry and include the following features: the walls, floor, and ceiling are constructed of at least eight inches of reinforced concrete or other substantial masonry reinforced vertically and horizontally with #4 ½-inch steel rods tied six 6-inches on center, or UL-listed modular vault panels; the door and frame unit are UL-listed burglary-resistant. Upon attempted unauthorized entry, it will transmit an alarm to HAMMERHEAD’s alarm monitoring service provider. Complete electrical lacing of the walls, floors, and ceiling, sensitive ultrasonic or infrared sensors within, a sensitive sound accumulator system, or other such devices or equipment designed to detect unauthorized entry and holdup buttons will be placed at strategic points of entry to the perimeter area of the vault. The vault’s electrical alarm system will be a certified UL approved system.

ALARM SYSTEM

In accordance with the requirements of **N.J.A.C. 17:30-9.10(b)**, HAMMERHEAD will have a professionally monitored security alarm system, utilizing commercial grade equipment, installed at the Facility, including the perimeter. The interior and exterior of the premises will be equipped with electronic monitoring, video cameras, and panic buttons. The alarm system will (1) provide protection 24 hours per day, 7 days per week, (2) send immediate or automatic notification to State or local police upon unauthorized breach of security, and (3) include a backup system that (a) activates immediately when electricity is lost, and (b) issues automatic or immediate notice to State or local police upon the loss of electrical support. Monitoring of the alarm system will be done 24 hours a day, 7 days a week and inspected/tested quarterly.

SURVEILLANCE SYSTEM

HAMMERHEAD will have a fully operational electronic surveillance system installed at its Facility. Monitoring of the surveillance system will be done 24 hours a day, 7 days a week by HAMMERHEAD's security department and professional security company. The surveillance system will cover the interior and exterior areas of the Facility and, at a minimum, consist of the following:

- 4K High-Resolution Internet Protocol Cameras with Infrared technology
- Equipment necessary to video record activity inside and outside the Facility
- Appropriate equipment to record keycard and biometric entry and exit activity
- A backup battery system
- A dedicated safe or vault to store all entry/exit records and video recordings.

VIDEO SURVEILLANCE EQUIPMENT

HAMMERHEAD's surveillance equipment will consist of digital/network video recorders with a record rate of a minimum of 12 frames per second; High Resolution Video cameras with a minimum resolution of 1.3 megapixels; video cameras with capabilities to identify activity occurring within twenty feet from all points of entry and exits into and out of the exterior of the Facility; 4K video cameras with True Wide Dynamic Range for Facility interior; capabilities to produce a clear, color still photograph from any camera image; two monitors for remote viewing via telephone lines in State offices.

SURVEILLANCE TESTING AND COMMUNICATION

HAMMERHEAD will ensure that the surveillance system has a failure notification system for communication and is properly maintained for playback quality. All security equipment will be in good working order (with repairs made as soon as possible) and will be inspected and tested at regular intervals, according to HAMMERHEAD's protocol, at least every 30 calendar days.

SURVEILLANCE SYSTEM RECORDS AND RECORDINGS

HAMMERHEAD will keep and maintain surveillance system records and recordings in the Facility and copies stored on a secure cloud storage with at least a 30-day archive. Video surveillance recordings will be stored on a server-based 8TB Network Video Recorder. This system will be a password-protected and separate from any other equipment in the Facility. The files and video surveillance recordings will be available for immediate viewing by the CRC or its authorized representative upon request. The DVR will be kept with other security equipment in the surveillance room, which will be kept locked and not used for any other purpose.

CYBERSECURITY AND DATA BREACH PROTECTIONS

New Jersey requires any business which maintains, stores or manages computerized data containing personal information to notify State residents affected by a data breach without unreasonable delay under the Breach of Personal Information Notification NJ Identity Theft Prevention Act, **P.L. 2005, c.226** and **N.J. Stat. § 56:8-163** Notification Obligation. Thus, a recordkeeping system is incomplete if businesses and organizations fail to develop response plans that can help manage the impact of a potential data breach. To safeguard its electronic records, HAMMERHEAD will coordinate a plan with third-party security vendors to establish a data breach response plan which includes establishing a Response Team to handle data breach

incidents. The Response Team will consist of the Safety & Security Manager; and General Counsel who will perform:

- Incident Assessment – Determine when and where the data breach took place, as well as what data may have been compromised;
- Analysis – Analyze the affected system to determine if there are further weaknesses that may be exploited and review any issues that may have caused the breach;
- Communications Plan – Immediately notify the CRC of the suspected breach and determine the best method for notifying and communicating with affected individuals including consumers, physicians, staff, and third-party vendors, with all notifications to begin within 24 hours of a detected breach; and,
- Law Enforcement – Notify local, state and/ or federal law enforcement if the nature of the breach requires it.

SECURE CLOUD STORAGE

A second, independent security system will be used to protect HAMMERHEAD’s secure cloud storage system. This secure cloud storage system will be access-limited through passwords and monitored for unauthorized changes and will comply with the rules set forth by the CRC and applicable law.

ACCESS CONTROL

HAMMERHEAD will have comprehensive access control procedures to deter and prevent unauthorized entrance into the Facility and its restricted and limited access areas. Access to the Facility will be limited to HAMMERHEAD employees, CRC officials, and authorized visitors.

EMPLOYEE ACCESS

No person is permitted to begin work at HAMMERHEAD’s Facility prior to physically receiving their Facility identification card or relevant confirmed registration with the CRC authorizing employment at the Facility. At all times, while on the facility premises, all employees must conspicuously display their HAMMERHEAD-issued identification card (issued only after confirmation that the individual has possession of a valid Facility identification card) that clearly identifies them to the public, including their position at the facility.

OCCUPATIONAL SAFETY AND HEALTH ACT (OSHA) COMPLIANCE PLAN

HAMMERHEAD will enter into an on-site consultation agreement for the NJ Department of Labor and Workforce Development Consultation Program under **N.J.A.C. §17:30-11.11**. New Jersey does not have a state-adopted OSHA Act, so the Federal OSHA Act applies to HAMMERHEAD’s safety and health in the workplace. HAMMERHEAD has a Compliance with OSHA Checklist and will be using the OSHA Small Business Handbook or compliance. HAMMERHEAD will employ MaintainX (or equivalent) computerized cloud-based facility management/maintenance software (“CCMS”) for all equipment maintenance, repairs, accidents, corrections, and task assignment. The Operations Manager will ensure the discipline or termination of any person contributing to operational negligence, that the facility possesses

Comply with the OSH Act's General Duty Clause and OSHA Standards
<ul style="list-style-type: none">• Determine employer and employee coverage under the Occupational Safety and Health Act (OSH Act)• Provide a workplace free from serious recognized hazards and address any recognized, acute, and imminent hazards under the OSH Act, consistent with the OSH Act's General Duty Clause. For more information about the OSH Act's general duty clause, see Practice Note, <i>Health and Safety in the Workplace: Overview: The General Duty Clause</i>.• Ensure workplace conditions to address other matters to applicable Occupational Safety and Health Administration (OSHA) standards, including:<ul style="list-style-type: none">• general industry standards; and• standards applicable to construction, marine, and agriculture operations.• For more information about specific health and safety standards promulgated by OSHA, see Practice Note, <i>Health and Safety in the Workplace: Overview: Specific Safety Standards and OSHA Regulations</i>.• Make copies of OSHA regulations and standards available to employees on request.• Determine whether the employer is covered by an OSHA-approved state plan and, if so, become familiar with the state's requirements. For information about states with their own occupational safety and health plans approved by OSHA, see Practice Note, <i>State Occupational Safety and Health Plan Laws: Court Opinions</i>.
Comply with Required Workplace Postings
<ul style="list-style-type: none">• Post the OSHA poster for the state plan (applicable to most employees) or their rights and responsibilities at all work places. <i>For more information, see Practice Note, State Occupational Safety and Health Plans: Laws and Court Opinions</i>.• Post the Summary of Work-Related Injuries and Illnesses (OSHA Form 300A) on February 1 of each year and between the periods for three months.• Comply with workplace labeling and other requirements where employees may be exposed to toxic substances or health or safety hazards in the workplace.• Post closure and documents showing a violation was corrected where applicable.
Establish an Injury and Illness Recordkeeping Procedure
<ul style="list-style-type: none">• Establish a procedure for employees to report all workplace injuries and illnesses promptly and accurately to their:<ul style="list-style-type: none">• supervisor; and• designated first aid or designated a responsible employee from accurately reporting a workplace injury or illness.• Inform each employee:<ul style="list-style-type: none">• of the employer's reporting procedure.

- The number of damaged, defective, expired, or contaminated marijuana products awaiting return to a grower/processor or awaiting disposal; and,
- Any information related to product recalls/adverse events.

STORAGE

All marijuana products will be securely stored out of sight in a temperature-controlled, locked and impregnable room within a room in a Restricted Access Area of the facility with proper segregation under **N.J.A.C. §17:30-11.10**. Utilizing state-of-the-art technology that tracks and monitors all individual movement throughout the facility and electronic key cards to restrict unauthorized access, areas of storage will feature two (2) separate, secure, locked rooms: one secure room will be utilized to store all regular, sellable inventory that can be legally dispensed to qualifying consumers. The other secure room will store all products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached, as required by **N.J.A.C. §§17:30-9.12 and 17:30-11.10**. Other segregated areas will be made where needed.

QUARANTINED AREA FOR DEFECTIVE AND UNSELLABLE PRODUCTS STORAGE

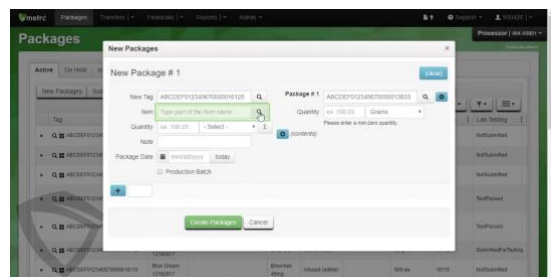
HAMMERHEAD will have separate, secure Restricted Access Area for storage of marijuana that is expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached. This area will only be accessible by an authorized personnel with the appropriate electronic key card access.

STORAGE MAINTENANCE AND CLEANING

Employees will conduct regularly scheduled maintenance and cleaning of the storage area, to ensure that it is properly maintained and kept in a clean and orderly condition, free from infestation by insects, rodents, birds and any pests. A manager with appropriate clearance will provide access to the room and supervise employees as they perform all necessary maintenance and cleaning of the storage space.

PLAN TO MITIGATE PRODUCT DIVERSION AND WASTE PROTOCOLS

Security and accuracy driven chain of custody (“COC”) ensures effective anti-diversion practices. All activities within the facility and around its perimeter are monitored and recorded 24-7 by the video surveillance system. Employees will utilize software electronic tracking system to ensure all products are accounted for at all times. Electronic tracking systems such as those offered by METRC use a globally unique 16-digit identifier for each product. The identifier follows the plant throughout its lifecycle recording phases, notes, plant additives and conversions. Converted products are assigned a new identifier encompassing the previous information creating a continuous chain of command and information.



SIGNAGE, VISITORS AND DIVERSION

Signs warn visitors and employees that all activities on company premises are under 24-hour surveillance and “Trespassers Will Be Prosecuted”. Strictly enforced clearly posted signage

informs access permissions. Visitors are logged in the Visitor's Log, with time and date of entry and exit and provided a Visitor's Badge they must display at all times. Security must verify visitor's government-issued identification matches name/signature provided on the log. Visitors must be escorted at all times.

EMPLOYEE DIVERSION

Employees are subject to random searches while on company property. Employees involved in cannabis diversion, including aiding theft by another person or employee, will be terminated and the CRC and law enforcement will immediately be notified. Pocket less clothing is required for all production facility personnel working in an area containing cannabis. HAMMERHEAD will enter each employee into METRC, and an employee identification number will be assigned. This will ensure each employee's actions are tracked and recorded when handling inventory or transactions.

INCIDENT NOTIFICATION

The Safety & Security Director will immediately notify the appropriate CRC and local law enforcement authorities immediately after discovering:

- Discrepancies identified during inventory, diversion, theft, loss, and any apparent criminal activity involving an employee;
- Any suspicious act involving the sale, distribution, processing, or production of cannabis, seeds, immature cannabis plants, cannabis plants, cannabis and cannabis products by any person on premises;
- Unauthorized destruction of cannabis, seeds, immature cannabis plants, cannabis plants, and products by any person;
- Any loss or unauthorized alteration of Facility records;
- An alarm activation or another event that requires response by local law enforcement agencies or public safety personnel;
- The failure of the security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours;
- Any other material breach of security.

HAMMERHEAD will conduct an investigation of any such incident and will submit a written preliminary report of the investigation to the CRC within 7 days of discovering the discrepancy and a written final report of the investigation within 30 days of discovering the discrepancy. This report will also determine whether additional safeguards are necessary to prevent a recurrence.

SECURE TRANSPORT

HAMMERHEAD will employ a third-party transportation company that meets all regulatory requirements to handle all transportation duties for product transactions. HAMMERHEAD will strictly comply with **N.J.A.C. §17:30-9.15** and meet or exceed all traffic laws specific to transportation within the State. SOP's will detail the responsibilities of employees, as well as provide guidance for emergencies. All marijuana products being transported will be packaged in shipping containers and labeled in accordance with **N.J.A.C. §17:30-13**.

RECEIVING DELIVERIES

HAMMERHEAD's designated delivery area is in a secure, discrete area on the 5th story of the parking garage in which they will be located. Surrounded by tons of concrete and steel, and in a designated delivery portal under 24/7 video surveillance, HAMMERHEAD ensures that deliveries will be simple, quick, and most assuredly safe. Further, HAMMERHEAD will not be handling cash, just raw and finished product materials, and thus further limiting the potential threats to delivery systems.

TRANSPORTATION MANIFESTS/ TRANSPORTATION VEHICLES

All transfers of marijuana products to and from the Facility will be accompanied by transportation manifests that detail the credentials of individuals shipping and/or receiving marijuana products. Required data will be entered into METRC and it will represent exact contents of deliveries and returns of recalled product to grower/processor facilities. Third-party contractors will be required to communicate with HAMMERHEAD all transportation company security protocols and information relating to the secure, safe transportation services the contractor may provide. Transportation vehicles will be equipped with a global positioning system (GPS) and dashboard camera or similar device to record activities happening in front of and near the transport vehicle while distributing marijuana products.