

SAINT REGIS MOHAWK TRIBE
ADULT USE CANNABIS PROCESSING REGULATION

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SECTION 1.0 PURPOSE

The Saint Regis Mohawk Tribe (The “Tribe”) is responsible for the health, safety, education and welfare of all community members. With respect to the non-medical use of cannabis by persons 21 years of age and older (“adult use”), it has the authority, responsibility and jurisdiction to exercise sovereign rights in governing cannabis processing on the Saint Regis Mohawk Reservation (Reservation).

SECTION 2.0 AUTHORITY

The authority of the Tribe to enact the Adult Use Cannabis Regulation lies in the inherent sovereign authority of the Saint Regis Mohawk Tribe; the Tribal Procedures Act section IV (C) (1), (2), (10) and (13) (TCR 2013-32); and the Tribal Court and Judiciary Code Section V and VI (TCR 2008- 22). The Tribe has adopted an Adult Use Cannabis Ordinance (the “Ordinance”) authorizing the Cannabis Control Board (“CCB”) and Cannabis Compliance Office (“CCO”) to adopt regulations governing cannabis cultivation, processing, sale and use by persons 21 years of age and older for non-medical purposes.

SECTION 3.0 TERMS AND DEFINITIONS

This Regulation incorporates all definitions in Chapter One of the Saint Regis Tribe Adult Use Cannabis Ordinance.

“Allocation” means a process in which the Tribal Cannabis Exchange sets prices for bulk cannabis extract and pre-packaged cannabis products, determines demand by Processors and Retail Stores, and sets amounts to be transferred by Processors who have not opted out to individual Processors and Retail Stores.

“Cannabis waste” means cannabis, cannabis plants, and cannabis products that are not usable due to crop failure, spoilage, contamination or other reasons.

“Cannabidiol” or “CBD” means a specific cannabinoid compound found in cannabis and hemp.

“Child-resistant” means difficult to open, in alliance with standards established by the United States Consumer Product Safety Commission in 16 C.F.R. part 1700 (2020).

“Detectable level” means the concentration of a particular contaminant that can reliably be measured by testing measures available to a licensee, as determined by the CCB and CCO in consultation with testing facilities.

“Diversion” means transferring cannabis or cannabis products to anyone not authorized under the Ordinance to receive such a transfer.

“Inversion” means accepting a transfer of mature cannabis plants, cannabis or cannabis products from a source not authorized in the Ordinance.

“Licensee” means a Cultivator, Processor, Retail Store, or other type of adult use cannabis business recognized by the CCB and CCO.

“Opt out” means to decline participation in allocation by the Tribal Cannabis Exchange, either in the first year of operation or for good cause thereafter.

“Per-gram fees” means the fees imposed by Section 6.02 of the Ordinance on all cannabis products transferred to the premises of a Retail Store.

“Tamper-evident” means sealed using a method that provides clear, lasting evidence that a package has previously been opened.

“Time/temperature control for safety food” or “TCS food” has the meaning in Section 1-201.10 (pp. 22-24) of the United States Food and Drug Administration’s Food Code (2017), <https://www.fda.gov/media/110822/download> (“Food Code”).

“Transport Manifest” means a triplicate document accompanying all transports of cannabis plants, cannabis or cannabis products by a licensee.

SECTION 4.0 OPERATING REQUIREMENTS

SECTION 4.1 CONTENTS OF APPLICATION

Pre-clearance Required: An applicant for a Processor license must obtain pre-clearance pursuant to Section 4.01 of the Ordinance.

Complete Application: A complete application for a Processor license includes an application on a form supplied by the CCO, an operating plan consistent with the Ordinance and this Regulation, and any required fees.

Commitment to Allocation of Cannabis by Exchange: An applicant for a Processor license must agree to participate in the Tribal Cannabis Exchange (the Exchange) allocation process unless it provides good cause for opting out of participation. The applicant shall identify in its operating plan the percentage of its cannabis extract and other cannabis products (up to 30 percent) that it will make available through the Exchange on a quarterly basis. The applicant may state its intention to opt out of allocation during its first 12 months of operation.

Contents of Operating Plan: In addition to all information required by the Ordinance, an operating plan shall include a description of ventilation, fire suppression and other systems to ensure worker safety; a complete list of solvents to be used in extraction; procedures for cleaning and sterilizing utensils and equipment consistent with parts 4-6 and 4-7 (pp. 142–149) of the Food Code; storage and handling procedures for preventing contamination and spoilage of ingredients and products consistent with parts 3-3 through 3-7 (pp. 69–109) of the Food Code; procedures for identifying ingredients in all products and preventing cross-contamination by allergens; and the name of the person in charge of ensuring compliance with food safety and

handling requirements, along with any training the person has received on cleanliness, sanitization, storage, handling, ingredient identification, and prevention of cross-contamination.

SECTION 4.2 CULTIVATOR PARTICIPATION IN TRIBAL CANNABIS EXCHANGE

Payment of Per-Gram Fees: A Processor shall remit per-gram fees required by the Ordinance on any cannabis transferred to the premises of a licensed Retail Store, regardless of whether the Processor is currently participating in the allocation process.

Estimation of Demand: The Exchange shall periodically provide each Processor with an estimate of anticipated demand for bulk cannabis extract and cannabis products prepackaged for retail sale. However, the Exchange retains discretion to allocate up to the amount of cannabis extract and other cannabis products identified as available in the Processor's operating plan to other Processors and Retail Stores if the Processor has not opted out of the allocation process.

Estimation of Supply: If the use of the tracking system is waived by the CCO, then a Processor must provide the Exchange with monthly totals of the cannabis extract and other products that it has produced, expressed in dry weight.

Allocation of Cannabis: The Exchange shall notify the Processor each time it wishes to allocate cannabis extract or other cannabis products to a Processor or Retail Store. The Exchange shall specify the weight of extract to be transferred to one or more Processors and the net weight and number of packages of other cannabis products packaged and labeled according to this regulation to be transferred to one or more Retail Stores. This allocation shall be based on the amount of cannabis extract and other cannabis products requested by Processors and Retail Stores. If demand for cannabis through the Exchange drops by at least 10 percent in four consecutive quarters, the Exchange may discontinue allocations and release Processors from their obligation to participate in the Exchange.

Protest of Allocations: A Processor may protest any allocation by demonstrating that the allocation exceeds the amount identified in its operating plan on a quarterly basis. Upon verification, the Exchange shall reduce its allotment to a level consistent with the Ordinance.

Setting of Prices: The Exchange shall publish by email to all Processors at least once per calendar year its prices for bulk cannabis extract and individual categories of prepackaged cannabis products based on the objective standards included in the Ordinance. The Exchange does not purchase any cannabis products from Processors but facilitates the sale to Processors and Retail Stores. The price excludes the per-gram fee, which the Processor may bill to the licensee in addition to the price set by the Exchange.

Quality of Cannabis Products Supplied Through Exchange: The Exchange shall have discretion to monitor the types and quality of cannabis products supplied through the Exchange and may require the Processor to equitably allocate higher quality product. Nothing in the Ordinance or this regulation requires a Processor to produce any type of extract or other product if not otherwise produced.

SECTION 4.3 TRACKING SYSTEM

Adoption of Inventory Tracking System: The Ordinance authorizes the CCO to adopt an inventory tracking system to monitor cannabis activities from the planting of cannabis to its sale in final form. The CCO will provide each licensee a reasonable timeframe in which it must implement the inventory tracking system that the CCO has selected.

Implementation of Inventory Tracking System: Within the timeframe specified by the CCO, each licensee shall establish an inventory tracking system account, install the necessary software, and identify an administrator. The administrator shall complete all necessary training requirements specified by the CCO within the timeframe specified by the CCO. The administrator shall then train each employee in proper use of the system before the employee is issued a system account or accesses the system. Both the administrator and all employees with accounts may be required to attend ongoing training in effective use of the system, if required by the CCO.

Use of Inventory Tracking System: Upon implementation, all licensees shall be required to use any inventory tracking system adopted by the CCO to maintain accurate inventory of all cannabis, cannabis extract produced and cannabis products produced. Prior to transferring cannabis products to the premises of a Processor or Retail Store, a Processor shall enter the amounts of cannabis products to be transferred into the inventory tracking system.

Fees: A licensee is responsible for reasonable fees charged by the software vendor for system accounts, as well as expenses, if any, involved in linking the inventory tracking system to the licensee's other software.

Prior to Implementation: Until an inventory tracking system is adopted by the CCO and implemented by the Processor, the Processor shall maintain detailed inventory records of all cannabis received, extract produced and other products produced. The Processor shall make such records available to the CCO upon request. Prior to transferring cannabis products to the premises of a Processor or Retail Store, a Processor shall inform the CCO in writing of the amounts of cannabis products to be transferred.

SECTION 4.4 SAFETY OF CANNABIS PRODUCTS

Residual Pesticides: It is a violation of the Ordinance to transfer cannabis products with detectable levels of residual pesticides, unless the pesticide is both approved by the CCB and within the tolerance levels established by the United States Environmental Protection Agency in 40 C.F.R. part 180. The CCO may order a licensee to hold or destroy cannabis containing impermissible pesticide residues.

Mold, Yeast and Mycotoxins: It is a violation of the Ordinance to package for sale or transfer to a Retail Store any cannabis products containing detectable levels of mold, yeast or mycotoxins.

The CCO may, after providing the licensee the opportunity to mitigate the cannabis, order a licensee to hold or destroy cannabis containing mold or yeast, and may immediately order a licensee to hold or destroy any cannabis containing mycotoxins.

Bacteria: It is a violation of the Ordinance to package for sale or transfer to a Retail Store any cannabis product containing detectable levels of coliform bacteria, enterobacteriaceae, e. coli or salmonella. The CCO may order a licensee to hold or destroy cannabis with impermissible bacterial contamination.

Metals: It is a violation of the Ordinance to transfer or process cannabis products with detectable levels of cadmium, lead, arsenic or mercury. The CCO may order a licensee to hold or destroy cannabis containing impermissible metals.

SECTION 4.5 MANDATORY TESTING OF CANNABIS PRODUCTS

Upon notification that the CCB has identified an independent testing laboratory capable of performing tests for cannabinoid potency and contaminants, all licensees are required to submit to mandatory testing before transferring cannabis extract or other products to the premises of Processor or Retail Store.

SECTION 4.6 EMPLOYEES, VISITORS AND CONTRACTORS

Qualifications of Employees: The licensee must ensure that any employee receives adequate training to perform all job duties.

Contents of Training: Prior to allowing an employee to handle cannabis or cannabis products, a licensee shall provide adequate training on sanitary and food handling requirements, safe operation of any equipment to be used, testing requirements, recordkeeping requirements and packaging and labeling requirements. Testing requirements shall be commensurate with job duties and shall include a minimum of four hours of training before the employee is allowed to handle cannabis or cannabis products and a minimum of one additional hour whenever training is necessary to perform additional job duties or implement changes to the Ordinance or this Regulation.

Documentation of Training: The licensee shall document the training provided to each employee, including the date, number of hours and topic.

Employee Identification Badges: All employees of licensees must wear a photographic identification badge whenever the employee is on the premises of the licensee or is transporting cannabis. The badge shall contain the full name of the employee and the name and license number of the licensee. The licensee and key participants of a licensee are subject to this requirement. The CCO may require employees to wear CCO-issued badges if it determines that standardization of employee identification is necessary.

SECTION 4.7 RESTRICTED ACCESS

Restricted Areas: A Processor's premises are restricted to employees of the licensee, employees and agents of the CCO, members of the CCB, law enforcement agents, and other Tribal officials designated by the CCO. No other person may be admitted except by following procedures for visitors.

Visitors: Visitors must be at least 21 years of age; must present photographic identification; must sign a visitor log collecting name, contact information and purpose of visit; and must be supervised by an employee of the licensee at all times.

Use of Contractors: Licensees may hire contractors to perform work onsite that does not involve handling cannabis, including but not limited to carpentry, plumbing, electrical or alarm work. However, such contractors are considered visitors and may not be left unattended in areas where cannabis or cannabis products are present.

SECTION 4.8 WASTE AND WASTEWATER

Preparation of Cannabis Waste: Prior to disposing cannabis waste, the licensee must render the waste unusable by grinding it and mixing it with an equal or greater volume of food waste, grass clippings, wood chips, yard waste or other material that renders it unusable and unrecoverable, consistent with the licensee's waste disposal plan.

Classification: Cannabis waste that has been rendered unusable shall not be considered hazardous waste unless it contains other components considered hazardous waste.

Non-cannabis Waste: Soil, other growing media, root balls, stalks of mature cannabis plants, and leaves and branches that do not contain visible trichomes are not considered cannabis waste.

Waste Collection: After rendering cannabis waste unusable and unrecoverable, the licensee shall store the cannabis waste in an area inaccessible to the public until it is collected or disposed of in accordance with the Saint Regis Mohawk Tribe Solid Waste Management Code.

Composting of Cannabis Waste. The unusable waste may be composted onsite; may be taken, with permission, to the Saint Regis Mohawk Tribe Composting Program; or may be taken, with the permission of the CCO, to a farm located within Tribal Territory for composting. No person shall burn cannabis waste. No person shall transport cannabis waste off Tribal Territory without a determination from the CCO.

Wastewater. Wastewater generated by cannabis cultivation or processing must be recycled on the premises whenever possible, may not be diverted into waterways, and must be disposed of in compliance with Tribal and federal laws and regulations.

SECTION 4.9 STORAGE OF CANNABIS PRODUCTS

Security. Outside normal hours of operation, licensees must secure cannabis and cannabis products in a commercial quality safe or vault or a closet or refrigerator protected by a seismic

sensor connected to the alarm system. During normal operation, licensees must secure cannabis and cannabis products in secure containers to the extent practicable.

Environmental Conditions. Licensees must store cannabis products under conditions that will protect products against physical, chemical and microbial contamination, as well as against deterioration of any container.

Storage Prior to Testing. Licensees must store, in sealed containers labeled with a batch number, any batch of cannabis products from which samples have been taken for laboratory testing until the laboratory returns a certificate of analysis to the licensee.

SECTION 4.10 SANITARY REQUIREMENTS

Employee Illness. No person may perform work duties when suffering from an open or draining skin lesion, fever, respiratory infection, diarrhea or vomiting. Cuts must be covered with bandages and, if on the hand, disposable gloves.

Hand Washing. Each licensee must provide hand-washing facilities with warm running water, soap or detergent and paper towels or drying device. All persons must wash their hands before starting work; after eating, drinking or smoking; and when hands become soiled or contaminated.

Litter Removal. Each licensee must provide receptacles and regularly remove any litter or waste to avoid contamination of cannabis.

Toilet Facilities. Each licensee must provide employees with adequate and readily accessible toilet facilities in good repair and sanitary conditions.

Surfaces and Equipment. All counters, other surfaces, and equipment must be constructed of food grade materials that do not react with cannabis or any substance used in cultivating cannabis. All surfaces and equipment must be cleaned and sanitized regularly.

Other Laws Remain in Effect. Nothing in this section is intended to supersede or diminish any other food safety requirements applicable to an establishment preparing prepackaged food.

SECTION 4.11 TRANSPORTATION OF CANNABIS AND CANNABIS PRODUCTS

Transportation Limited to Employees of Licensees: Any person transporting cannabis or cannabis products for commercial purposes must be an employee of a licensee wearing an identification badge.

Vehicle Requirements: Licensees must provide, in advance, the make, model and license plate number of any vehicle used to transport cannabis or cannabis products. The vehicle must be insured, in good working order and equipped with an alarm and a locking compartment for securing cargo.

Temperature Control: Any vehicle used to transport a TCS food shall have a refrigerated compartment. Any vehicle used to transport cannabis products must have adequate means to keep products within a temperature range that prevents melting, spoilage or other damage.

Transport Manifest: A licensee must create a transport manifest in advance each time the licensee transports cannabis or cannabis products. The transport manifest must include the name, address, phone number and license number of the licensee originating the shipment and the licensee receiving the shipment, description and quantities of each item in the shipment, date and time of shipment, vehicle make and model, license plate number, name and signature of the driver and any other employee in the vehicle and name and signature of the employee of the licensee receiving the shipment. A licensee shall use the tracking system to create the transport manifest, unless use of the tracking system is waived by the CCO. If the tracking system is temporarily unavailable, the licensee shall handwrite a transport manifest and enter the required information into the tracking system within one business day of the tracking system becoming operational.

Other Laws Remain in Effect. Nothing in this section is intended to supersede or diminish state or federal laws and regulations applicable to transportation of cannabis or cannabis products off Tribal territory.

SECTION 4.12 DUTY TO REPORT INFORMATION TO CCO

Change in Management or Ownership: A licensee must report in writing to the CCO any change in management personnel or structure or ownership of the business. No person may assume a role meeting the definition of key participant in the Ordinance before the individual has obtained pre-clearance from the CCO and the CCO has determined that the change in management or ownership is consistent with limits on participation by non-Tribal Members.

Theft or Other Loss of Cannabis or Cannabis Products: A licensee must report by phone to the CCO and law enforcement, within 24 hours, the suspected theft of cannabis or cannabis products. A licensee must report any other loss of cannabis or cannabis products to the CCO within 24 hours.

Other Unlawful Activity: A licensee must report to the CCO within 48 hours any suspected diversion, inversion, attempt to avoid paying per-gram fees or other violations of the Ordinance or this Regulation.

Failure of Security System: A licensee must report to the CCO within 48 hours any failure of the licensee's security system, including video cameras, lasting more than 120 minutes.

Traffic and Other Incidents: A licensee must report to the CCO as soon as possible, and within 24 hours, any accident involving a motor vehicle transporting cannabis, any traffic citation involving a vehicle transporting cannabis or any stop or arrest by law enforcement while performing duties related to the operation of the licensee.

SECTION 4.13 SECURITY

Building and Grounds: A processor shall operate in a permanent building equipped with electricity, heat, running water and toilet facilities. Extracting, blending, infusing or packaging cannabis or cannabis products in a trailer, shed, cargo container, motor vehicle or other similar non-permanent enclosure is prohibited.

Security Plan: Each licensee shall maintain a security plan that includes a floor plan and indicates all doors, windows, alarm sensors, alarm panels, video cameras and video storage devices. The security plan shall explain how alarms and video are monitored and backed up in case of loss of power.

Video Monitoring: Cameras shall record, 24 hours per day and 7 days per week, the area around any exterior door, as well as any area where cannabis is processed, stored, destroyed, disposed or prepared for transfer, sale or testing. The recordings shall be a minimum of 720 pixels, 15 frames per second, Internet Protocol compatible and accurately stamped with date and time. Cameras shall have a backup power source that allows uninterrupted operation for 120 minutes.

Video Storage: The licensee shall store video footage for 45 days, either in a locked cabinet or closet that prevents employee tampering or theft or on a secure third-party server. The licensee shall limit access to video footage and maintain a list of all individuals who have access to the footage. The licensee shall permit the CCO to access the video footage during normal operating hours.

Windows and Doors: All windows and doors shall be commercial grade and lockable to prevent theft. Each window or door shall have a monitored alarm sensor.

Alarm Systems: All licensees must have an alarm system that is remotely monitored by the licensee or an alarm company that can alert law enforcement of any breeches. The alarm system shall include perimeter sensors, motion sensors and vibration sensors.

SECTION 4.14 RESTRICTIONS ON USE OF RESIDENTIAL PROPERTY

General Limitations on Shared Occupancy: No structure used as a residence may be used for the cultivation, processing or retail of cannabis, except as permitted by Chapter 18 of the Tribal Cannabis Ordinance, exempted from licensing by Section 6.1 of the Adult Use Cannabis Cultivation Regulation or if all following requirements are met:

- The cultivation, processing or retail area is separated from the occupied dwelling unit by a firewall complying with Tribal building code;
- The property contains only one occupied dwelling unit;
- An occupant of that unit is licensed to cultivate, process or sell cannabis on the property;
- The dwelling unit and the cultivation, processing or retail area have separate entrances to the outdoors;
- The dwelling unit does not contain direct indoor access to the cultivation, processing or retail area; and
- No person under 21 years of age resides at the property.

Limitations on Use of Residential Property: Outdoor cultivation or cultivation, processing or retail of cannabis in a freestanding structure is prohibited at a property also containing a residence, except as permitted by Chapter 18 of the Tribal Cannabis Ordinance, exempted from licensing by Section 6.1 of the Adult Use Cannabis Cultivation Regulation or if all following requirements are met:

- The property contains no more than one occupied dwelling unit;
- An occupant of that unit is licensed to cultivate, process or sell cannabis on the property;
- The dwelling unit does not contain access to the cultivation, processing or retail area except through a lockable entrance; and
- No person under 21 years of age resides at the property.

Limitations on Extraction in a Structure Used as a Residence: Extraction using inherently hazardous substances, compressed gas or ethanol is prohibited in any structure containing a dwelling unit.

Limitations on Pesticide Use in a Structure Used as a Residence: The application of any pesticide other than bacterial or fungal agents and plant extracts listed in Section 4.2 of the Adult Use Cannabis Cultivation Regulation is prohibited in any structure containing a dwelling unit.

No Use of Apartments or Townhouses: The cultivation, processing or retail of cannabis indoors or outdoors at any multifamily dwelling (apartment building) or single-family attached dwelling (townhouse) is prohibited.

Tribal License Required: Nothing in this section exempts a person from any other requirement of the Tribal Cannabis Ordinance, Adult Use Cannabis Cultivation Regulation, Adult Use Cannabis Processing Regulation, or Adult Use Cannabis Retail Regulation.

SECTION 5.0 PROCESSING OF CANNABIS PRODUCTS

SECTION 5.1 EXTRACTION/MANUFACTURE OF CONCENTRATE

Concentration by Tier I and Tier II Processors: A Tier I Processor or Tier II Processor may produce cannabis concentrates using water and ice, dry screening, sieving, cryogenic or subzero processing not using solvents, pressure or temperature.

Infusion by Tier I Processors and Tier II Processors: A Tier I Processor or Tier II Processor may infuse cannabis into the following food grade fats and synthetic food additives: butter, olive oil, coconut oil, other typical cooking fats, propylene glycol and glycerin.

Extraction by Tier II Processors: If indicated in its approved operating plan, a Tier II Processor may produce cannabis extracts using carbon dioxide, another chemical or compressed gas with a flashpoint above 100 degrees Fahrenheit, or ethanol. Extracting agents must be 99% or greater purity, except solutions of ethanol and water are acceptable.

Inherently Hazardous Substance Use by Tier II Processors: If indicated in its approved operating plan, and after submitting the certification of its closed-loop extraction system by a

professional engineer licensed by the Tribal CCB, a Tier II processor may extract cannabis using inherently hazardous substances including butane, propane, acetone, heptane, pentane and diethyl ether.

Labeling Requirements: Any substance used in extraction must be included in the label of any product manufactured using the extract.

SECTION 5.2 VAPORIZER CARTRIDGES AND OTHER INHALABLE PRODUCTS

Prohibited Ingredients: No cannabis product intended for inhalation shall be manufactured with or contain polyethylene glycol, vitamin E acetate, or medium chain triglycerides (MCT oil).

Acceptable Ingredients: Cannabis concentrate contained in a vaporizer cartridge and other cannabis products intended for inhalation shall be made with and include only cannabis derived ingredients and, unless otherwise prohibited, inactive ingredients listed in the United States Food and Drug Administration's Inactive Ingredient Database for inhalable medications (<https://www.accessdata.fda.gov/scripts/cder/iig/index.cfm>), in an amount no greater than the approved concentrate for inhalation route of administration.

Certificate of Analysis and Other Records: A Processor shall maintain a list of all ingredients used in manufacturing cannabis products intended for inhalation. A Processor shall maintain a certificate of analysis or its equivalent documenting the composition of each ingredient and shall produce such records on the request of the CCO.

SECTION 5.3 EDIBLE CANNABIS PRODUCTS

Tinctures and Oils: Any tincture or oil intended for oral or sublingual consumption shall contain only cannabis, cannabis-derived ingredients, natural flavorings and food-grade ethanol or oil.

Beverages and Foods: A cannabis beverage or food shall not contain alcohol or any flavor, color, or preservative not approved for use in food generally by the United States Food and Drug Administration (<https://www.fda.gov/food/food-additives-petitions/food-additive-status-list>).

Remanufacture of Beverages and Food Products: A Processor shall use a recognizable non-cannabis beverage or food product (including without limitation a soft drink, juice, candy, baked good or cereal product) as an ingredient in an edible cannabis product only if the ingredient is unrecognizable to the consumer. A Processor shall not refer to the recognizable beverage or food product in labeling or advertising.

SECTION 5.4 TOPICAL CANNABIS PRODUCTS

Prohibited Ingredients: No topical cannabis product shall be manufactured using dimethyl sulfoxide (DMSO).

Acceptable Ingredients: Topical cannabis products shall be made with and include only cannabis derived ingredients and, unless otherwise prohibited, inactive ingredients listed in the United States Food and Drug Administration’s Inactive Ingredient Database for topical medications (<https://www.accessdata.fda.gov/scripts/cder/iig/index.cfm>), in an amount no greater than the approved concentrate for topical route of administration.

SECTION 5.5 PACKAGING

General Packaging Specifications: All cannabis products must be packaged for transfer or sale in containers are fully enclosable; protect the contents from contamination; do not impart any toxic or deleterious substance to the packaged item; and except for single-serving products are resealable.

Packaging Required Before Transfer to Retail Store Premises: A Processor must package cannabis for retail sale, in compliance with this Section and the labeling requirements of Section 5.6, prior to transferring the cannabis products to a Retail Store. Retail packaging must be child-resistant, tamper-evident, and resealable. If the container is soft sided, it must be four mil or greater in thickness, and if it has rigid sides, it must have a lid or enclosure that can be placed tightly and securely on the container. Licensees operating as a Retail Store and a Processor must comply with this requirement before transferring any cannabis products to the premises used as a Retail Store.

SECTION 5.6 LABELING

Labeling Required Prior to Transfer to Retail Store: A Processor must label all cannabis products in accordance with this Section prior to transfer to the premises of a Retail Store. The required information may be printed directly on, or printed on a sticker attached to, the outermost packaging layer of the cannabis product. If necessary, an extendable, accordion-style, label, layered label or multiple labels may be used. All required information shall be printed clearly in type no smaller than 6-point font (1/12 inch).

Warnings and Disclaimers: All cannabis products shall be labeled with the following warnings: “CONTAINS CANNABIS. There may be health risks associated with the use of this product. There may be additional health risks associated with the use of this product for women who are pregnant, breastfeeding or planning on becoming pregnant. Do not drive a motor vehicle or operate heavy machinery while using this product.”

Label Claims Regarding Testing: No label shall contain claims regarding cannabinoid potency or the absence of microbials, metals, solvents or pesticides except to list the results of analytical tests performed in accordance with the Ordinance and Regulations adopted by the CCB. Unless mandatory testing is currently waived by the CCO, the results of mandatory tests shall be included on the label of any cannabis.

Labeling Prohibitions: No cannabis shall be labeled with claims of health or physical benefits to the consumer; false or misleading statements; trademarks, unless authorized; depictions of a

human, animal, creature, vehicle, fruit, cartoon character, toy, emoji or other artwork likely or intended to appeal to anyone under 21 years of age; the word “candy” or “candies”; or references to products typically marketed to anyone under 21 years of age.

Traceability: Labels shall include information to facilitate emergency recalls when necessary, including the registration number of the Cultivator, the cultivation date and batch number of any cannabis used in production; the registration number of the Processor, the extraction date and batch number of any extract used in production; and the registration number of the Processor, the manufacturing date and batch number of the product.

SECTION 6.0 PENALTIES

SECTION 6.1 MAJOR LICENSE VIOLATIONS

Monetary Penalties in Addition to Revocation or Suspension: The CCO may impose monetary penalties in addition to revoking or suspending the licenses of any Processor committing violations of the Ordinance affecting public health and safety.

Diversion of Cannabis: The CCO may impose monetary penalties for any transfers of cannabis or cannabis products not permissible under the Ordinance, including a minimum penalty of \$500 and a maximum penalty of \$5,000 per pound of concentrate.

Inversion of Cannabis: The CCO may impose monetary penalties for accepting cannabis flower, cannabis trim or cannabis extract from a source not authorized by the Ordinance, not to exceed \$500 per pound of cannabis or \$5,000 per pound of concentrate.

False Statements to CCB, CCO or Law Enforcement: The CCO may impose monetary penalties up to \$10,000 for knowingly making false statements to the CCB, the CCO or Law Enforcement in an effort to conceal violations of this Regulation or the Ordinance.

Using Prohibited Solvents or Extraction Methods: The CCO may impose monetary penalties up to \$5,000 per pound of concentrate produced using prohibited solvents or using inherently hazardous substances without a closed-loop extraction system.

Transferring Contaminated Cannabis Products: The CCO may impose monetary penalties up to \$2,500 per pound of concentrate used for the knowing transfer of any cannabis products with detectable levels of pesticides, mold, mildew, yeast, harmful bacteria or heavy metals.

Other Violations Affecting Public Health or Safety: The CCO may impose monetary penalties up to \$5,000 for any other violation affecting public health or safety.

SECTION 6.2 MINOR LICENSE VIOLATIONS

Failure to Pay Per-Gram Fees: The CCO may impose monetary penalties on Processors who transfer cannabis products to a Retail Store without paying required per-gram fees, in an amount equal to three times the unpaid fees.

Failure to Provide Required Notifications: The CCO may impose monetary penalties up to \$250 per instance on Processors who fail to provide required notifications to the CCO or CCB.

Last modified 10/8/21

Other Violations Not Affecting Public Health or Safety: The CCO may impose monetary penalties up to \$500 for any other violation not affecting public health or safety.