

SOCIAL EQUITY AND DIVERSITY PLAN

PRIVILEGED AND CONFIDENTIAL

Redbud understands the value of diversity. It strives to impact areas and individuals disproportionately impacted by prior cannabis prohibition across the state through concerted execution of the company's Social Equity and Diversity Plan. This plan utilizes an affirmative action policy, establishes employee diversity goals and workforce utilization report policy, diversity-oriented outreach and events, policy for contracts with diverse groups, and mentoring and professional development programs. Redbud will apply its social equity and diversity plan to positively impact communities of all locations in the state of Michigan.

The company will implement business practices aligned with its quality-forward, social-entrepreneurial mission to maximize the socio-economic benefits that legal cannabis potentiates. Foremost among these practices is inclusion at every opportunity, from geography to personnel to vendor selection.

The company's Social Equity and Diversity Plan will be applied in all markets where it operates; it will produce, for one example, a workforce that is notably diverse in race/ethnicity, gender identity, sexual preference and veteran status —moreover, these workforces will be local to and reflect the unique communities in which we operate.

The company will create economic opportunity for diverse individuals, specifically people of color from communities most harmed by cannabis prohibition, by implementing a diversity focused hiring strategy. Out of the ten full-time employees that will work at its facility, two of the employees must be women and two must be minorities. Also, with the exception of managers, all employees must have resided in a 25 miles radius of the facility within the past 6 months. The company's employees will earn competitive wages and receive a full benefits package and enjoy internal promotion and career advancement opportunities in a growing company.

Our leadership team seeks to be generous and transparent with institutional knowledge and serve as a resource and steward of the nascent cannabis industry— and consider that effort, while less measurable, to be one of the most valuable contributions the company can make towards rectifying harms against communities of color and others disproportionately impacted by cannabis prohibition.

I. POSITIVE IMPACT PLAN

The company recognizes the disproportionate impact the war on drugs has had firsthand on communities. That is why it embraces diversity and plans to have a positive impact within its community.

- Reducing barriers to entry in the commercial adult-use cannabis industry;
- Providing professional and technical services and mentoring for individuals and businesses facing systemic barriers; and
- Promoting sustainable, socially and economically reparative practices in the commercial cannabis industry in Michigan.

a. **PROGRAMS**

i **Support of local, regional, state, and federal organizations:**

The company will support local, regional, state, and federal organizations that provide services to individuals and communities disproportionately harmed by cannabis prohibition through contribution of financial resources, education and subject matter expertise.

ii **Development and dissemination of cannabis industry best practices for data collection and analysis:**

Development and dissemination of cannabis industry best practices for data collection and analysis is designed to assess the success of equity programs, including business hiring practices and funding strategies. While the ideas and theories behind the concept of a racially, socially, economically inclusive industry are plentiful, the success stories are not.

Redbud will bring its leadership's experience procuring and fulfilling government contracts, including set-asides and grants, and deep expertise in financial modeling, reporting and analysis to help produce a diverse workforce that will fulfill our ambitious goal to match community demographics. As a service to communities disproportionately harmed by cannabis prohibition, Redbud will develop a best-practice protocol for tracking and reporting cannabis staff diversity including: compliant employee data collection, data analysis and reporting, and response strategies.

Given the highly specialized nature of cannabis agent positions—from horticulture to hydrocarbon extraction to product consultations — Redbud must devote extensive time and attention to training if it also seeks to hire a highly localized workforce, that is, from within the facility's municipality. As such, a commitment to hiring locally is a commitment to providing special-skills training, and Redbud has advanced abilities to produce fact-based, compliant training materials customized by position and audience. Redbud believes the ability to measure and respond to inclusion initiatives —especially the hiring of diverse workforces —with efficient objectivity will be key to actualizing the shared goal of an inclusive cannabis industry in Michigan.

iii **Prioritize wholesale agreements with equity licensees:**

Prioritize wholesale agreements with equity licensees by creating set-asides once those licensees become operational. Redbud will source and initiate wholesale supply relationships with certified Social Equity businesses in Michigan. Our goal of developing long-term, stable supply chains, primarily from Social Equity licensees representing communities disproportionately harmed by cannabis prohibition will have a greater likelihood of success and impact in those communities.

Achieving cannabis business licensure and permits and becoming operational is difficult enough for experienced, well-capitalized operators, and new operators will be subject to pricing volatility in a market where demand is expected to outstrip supply. Redbud will focus on long-term growth and mutual prosperity, not short-term exploitation of a new market, especially one with so much positive potential. The company will develop a 12-month demand forecasts and will reach out to individual Social Equity vendors in its municipalities and beyond to develop supply agreements.

iv **Concerted execution of the company's existing Diversity Plan**

b. MEASUREMENT AND ACCOUNTABILITY

- i Running roster and personnel file audit schedule enables ad hoc demographic reporting;
- ii Compliance working group manages internal audits and continuous process improvement, including progress towards diversity goals; sales director ensures diversity of contract agreements and vendors.