



Lake Effect Group, LLC

AU-R-000260
AU-R-000261
AU-R-000712

AU-R-000841
AU-R-000856

This entity qualifies for the Gold level tier of
the Social Equity All-Star Program

Lake Effect Group of Companies*

Lake Effect, Doja, Black Market, RecWeed

Social Equity Program

“Equity: Just and fair inclusion. An equitable society is one in which all participate and prosper. The goals of equity must be to create conditions that allow all to reach their full potential. In short, equity creates a path from hope to change.” -Angela Glover Blackwell, PolicyLink.org

BACKGROUND

Lake Effect Group has transitioned from the black market into the legal market, becoming one of the nation's most sought-after legacy brands. Our company is owned and operated by four Michigan locals: Justin Palmatier, Steve Bliss, Jevin Weyenberg, and Todd Schaffer. Justin Palmatier, our CEO, has been a lifelong advocate for cannabis and grew up in SW Michigan with his childhood friend and business partner, Steve Bliss, our COO. With help from Kalamazoo local Jevin Weyenberg, cancer survivor and marine veteran, and Todd Schaffer's legal guidance, we have grown exponentially in an ever-changing industry. We hope to continue this ever-evolving growth trajectory while remaining true to our grassroots.

ETHICS CODE

Lake Effect Group of Companies will conduct business honestly and ethically wherever operations are maintained. We strive to improve the quality of our services, products, and operations and will maintain a reputation for honesty, fairness, respect, responsibility, integrity, trust, and sound business judgment. Our managers and employees are expected to adhere to high standards of business and personal integrity as a representation of our business practices, at all times consistent with their duty of loyalty to the company.

SOCIAL EQUITY PLAN (“SEP”)

Our Social Equity Plan’s primary components are employment, education, and training. Our SEP acts as a guide to every aspect of our business and is deeply rooted in our goals and vision. Our social equity plan explicitly recognizes, facilitates awareness, and addresses patterns of social inequity within the cannabis industry. We recognize, understand, confront, and challenge the institutional systems of power, privilege, and inequity so that all members of the communities we live and work in can support civic learning.

Patient and adult-use cannabis user education is the foundation of our Social Equity Plan. We identified social equity as a core theme that must permeate throughout every aspect of the marijuana industry so that all patients and adult-use customers can effectively learn.

We began the development process for this SEP within the context of respect, equity, and civility for the interaction among diverse constituents of the marijuana industry. Speech and actions which perpetuate minimization, hate, oppression, group supremacy or exclusion are not recognized as productive and constructive forms of diversity in this industry.

The goal of our social equity plan is to both promote and encourage participation in the cannabis industry by local residents that have been disproportionately impacted by cannabis prohibition and enforcement and to positively impact local residents. To accomplish this, we have focused on two main objectives:

Objective 1: Demonstrate improved intercultural competency among employees and customers through comprehensive professional development and curricular transformation.

- Provide comprehensive and continuing training and educational resources to help employees work effectively in a diverse cannabis industry community.
- Embed intercultural competency in all employee evaluations.
- Transform presentation materials in all programs to identify and analyze dynamics and implications of power, privilege, and inequity.

Objective 2: Institutionalize hiring and retention practices that challenge systems of power, privilege, and inequity.

- Develop and implement a multifaceted, multicultural media recruitment campaign.
- Develop and implement tools to assist hiring managers in identifying and supporting equity and inclusion in the recruitment and hiring process.
- Outreach with professional associations and other networking groups to effectively source, attract, and engage diverse talent.
- Generate a pipeline of highly qualified diverse candidates.

RESPONSIBILITY AND COMPLIANCE

In addition to the goals and strategies of this plan, compliance remains a necessity from the standpoint of our policies and state and federal laws and regulations.

The responsibility for and the protection of this commitment extends to patients, customers, employees, managerial staff, and those who visit our sites affirms a commitment to freedom from discrimination and harassment for all members of the cannabis industry community. We expressly prohibit discrimination on the basis of race, color, national origin, age, perceived or actual physical or mental disability, pregnancy, genetic information, sex, sexual orientation, gender identity, marital status, creed, religion, honorably discharged veteran or military status, or use of a trained guide dog or service animal. In addition, we are committed to freedom from

all forms of harassment including sexual harassment, gender violence, and harassment in the workplace.

COMMUNITY REINVESTMENT AND CORPORATE SPEND PLAN

Our community reinvestment plan and corporate spend plan is diverse, just like the communities we live and work in. We are committed to continuing these efforts in 2023 and beyond.

We are committed to strong public engagement and outreach to OUR community. Our community outreach has three goals: (i) to establish a process by which the community can express itself regarding the project; (ii) to inform the community about medical cannabis issues; and (iii) to ensure that our approach genuinely reflects the community's needs. To reach our goals, we anticipate doing one or more of the following, depending on input at various stages of the project:

- Identifying a broad cross-section of community-based organizations and community leaders, including those representing indigent and traditionally underserved and underrepresented residents, to learn how residents and stakeholders can best receive useful information that enables them to participate meaningfully.
- Identifying and visiting civic, senior, and veteran organizations, health care support groups, and community meetings to introduce our nonprofit organization, our mission, and our vision for the patient care center. We believe this type of outreach establishes our legitimacy with the community and our vested interest in its welfare. We will listen receptively and respond to any concerns about the project.
- Holding or participating in a community meeting to introduce us and present the project to any parties with similar goals. Again, our purpose would be to listen and find ways to be responsive. Completing our outreach efforts with a follow-up letter to community stakeholders, letting them know that we heard their concerns and what procedures we will follow in responding to such concerns.

We are committed to engaging our patient and residential communities on an ongoing basis. We will partner with local community organizations to solicit volunteers for these positions.

We are proud of our military community and the services they provide. We are here to serve our active and veterans and give back to those who promised their lives for ours. We have the knowledge and compassion to address the needs of those who suffer with the unpleasant aftermaths of conflict and war.

In 2021, we donated \$2,500 to the VFW to help fund a new roof at their building in Kalamazoo. In December of 2021, we put on a drive at several of our locations to collect living essential goods and products. The drive was a huge success as we collected over \$23,000 of essential products which were donated to the Young Kings and Queens Foundation in Kalamazoo.

We also began working with the Professional Cannabis Education Network (“PCEN”) on worker training programs specific to diversity and inclusion in the workplace. We look forward to continuing our work with PCEN in the future.

We expect our community reinvestment dollars will be between \$50,000 to \$100,000 annually.

Currently we employ over 120 people that live in the city of Kalamazoo and surrounding communities. Of those, at least 60% are from disproportionately impacted neighborhoods.

Our employees are our most important asset. Entry level wages start at \$15.00 per hour. We offer our employees a generous benefit package that includes health, dental, vision, life, long and short-term disability insurance. We are committed to promote from within and offer tuition reimbursement to help ensure our employees have the opportunity to grow and prosper.

In 2022 alone, Lake Effect Group of Companies was involved in various “give back” activities involving our employees in charitable contributions and community involvement. We view these activities as an investment in our community and a way to help promote equity.

These community investments were diverse including donations for local social needs: Food banks, organizations that support the homeless, family holiday adoptions, back to school supplies, etc. We held a coat drive at two of our sites netting 3000 coat donations and 2000 scarves, hats and gloves that were donated to local gospel ministries. In 2022, we also made donations and provided sponsorships that directly support organizations making efforts to “right the wrongs” of the war on drugs and other social issues such as Outfront (LGBTQ), The Redemption Foundation, Great Lakes Expungement Network, and Sons and Daughters United Expungement.

One of our owners is a work group participant for the CRA’s Social Equity, Diversity, and Inclusion committee. He volunteers his time to help ensure the cannabis employers in Michigan recognize and support Diversity and Inclusion. We are a founding member of MICIA. We have an employee on the Board of Directors for SW Michigan Goodwill.

Other donations and sponsorships include Portage Firefighters, Canna Carnival, Sensi, Cannabash, K-Wings, Do-Dah Parade, Hashbash, local cannabis job fair, SW Michigan First Council of 100, Sounds of the Zoo, and Senior Center.

Our investments in our community have been significant. Dollar donations of over \$45,000 and discounts to our customers who supported our drives of over \$30,000 were given in 2022.

We intend to further our commitments to these ideals by pledging at least 1.5% of the company's annual spend with diverse suppliers, and at least 300 volunteer hours per year. We understand donations and volunteering have a significant impact on social equity but that alone is not enough. Through purchasing and sponsorships, we are committed to supporting businesses owned by or who support: Racial/Ethnic minorities, women, veterans, Native American tribes, LGBTQ, and people with disabilities.

We promote and support a network of disproportionately impacted minority owned businesses and Michigan businesses located in disproportionately impacted area approved and recognized by the CRA's social equity program.

We will continue our efforts to recruit vendors and do business with these entities.

CONCLUSION

“Not everything that is faced can be changed. But nothing can be changed until it is faced.”
— James Baldwin

At Lake Effect Group, social equity has been a top priority since the founding of the company eight years ago. Three of our four owners were previously convicted of cannabis crimes, including one who is a convicted felon. We understand how communities were adversely impacted by the war on drugs because we are from Kalamazoo, a city identified by the State of Michigan as being disproportionately impacted by the war on drugs. Throughout our history we've been active in social advocacy. From help with the initiative to legalize cannabis in Michigan to bailing people out of jail, we strive to make a positive difference.

We are proud of our efforts in Social Equity. We also recognize our community, city, state, nation (and our company) has a long ways to go and will continue our efforts to identify and address the underlying factors that create inequity issues. We are committed to do our part.

**The Lake Effect Group of Companies comprises the following MI CRA Licensed Entities: Lake Effect Group, LLC dba Lake Effect; LE Battle Creek, LLC dba Doja; RW Retailer, LLC dba RECWEED.COM; LE Retailer, LLC dba Lake Effect, WV Retailer, LLC dba Doja, Portage Acquisitions, Inc. dba Black Market Retailers*