



OFFICE OF THE CITY MANAGER

September 14, 2021

Tony Fong, CEO
VARDA, Inc
300 S. Raymond Avenue, Suite 15
Pasadena, CA 91105

RE: Commercial Cannabis Permit #2020-02
3341 E. Colorado Blvd, Pasadena
Council District #4

Dear Mr. Fong:

Pursuant to Municipal Code Section 5.78.090, your **Commercial Cannabis Permit** for **3341 E. Colorado Boulevard** issued on September 14, 2020, was reviewed and considered for annual renewal by the **City Manager**. After careful consideration of items 2 through 8 listed below, the City Manager has approved the 1-year Retail Cannabis Permit renewal for **VARDA, Inc.**, subject to the following:

1. This permit is valid for one-year and expires on September 14, 2022.
2. On an annual basis, the applicant shall pay the cannabis permit renewal fee.
 - a. *A cannabis permit application, annual renewal fee and any other fees to cover the cost of staff time in relation to condition monitoring and/or the review of this cannabis permit will be due on or before July 31, 2022.*
3. On an annual basis, a letter and appropriate attachments addressing PMC 5.78.110 (3) identifying whether any changes have occurred related to the information on the current commercial cannabis permit application shall be submitted to the City. Such letter was received on September 10, 2021 (Attachment 1).
 - a. *Future changes related to the information on file with the City for the most current cannabis permit shall be reported to the City a minimum of forty-five (45) days prior to the cannabis permit expiration. Changes that occur within the 45 days prior to the expiration shall be reported immediately or as soon as practicable.*

City Hall
100 N. Garfield Avenue
Mailing Address: P.O. Box 7115 • Pasadena 91109-7215
(626) 744-4333 • Fax (626) 744-4774

4. On an annual basis, an audit shall be performed by an independent CPA in compliance with PMC 5.78.150. A letter committing to provide the required audit was provided on September 10, 2021 (Attachment 2).
 - a. *The financial audit for calendar year 2021 will be due to the City no later than February 15, 2022, or this cannabis permit may be revoked.*
5. On an annual basis, a register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business shall be provided to the City. Such information was provided on September 10, 2021 (Attachment 3).
 - a. *Future registers with the names and contact information of anyone owning or holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business shall be provided to the City a minimum of 45 days prior to the cannabis permit expiration. Changes that occur within the 45 days prior to the expiration shall be reported immediately or as soon as practicable.*
6. A letter documenting compliance/progress with commitments in the applicant's Community Benefits Plan was received on September 10, 2021 (Attachment 4).
 - a. *Applicant shall provide quarterly progress/compliance reports, in a format approved by the City, due on the dates listed below. :*
 - *Quarter 3 (July 1st – September 30th) Due every October 31st*
 - *Quarter 4 (October 1st – December 31st) Due every January 31st*
 - *Quarter 1 (January 1st – March 31st) Due every April 30th*
 - *Quarter 2 (April 1st – June 30th) Due every July 31st*
 - b. *Failure to meet commitments in the approved Community Benefits Plan may be cause for permit revocation.*
7. This retail cannabis business is subject to the approval of the Health Department and shall at all times maintain a valid Health Permit.
8. The business shall at all times maintain a valid Business license.
9. The operation, management and ownership of this business shall be as specified Cannabis Permit Application dated April 17, 2020 and all supplemental information submitted therewith, including but not limited to, the Community Benefits Plan, the Odor Control Plan and the Signage Plan, all of which is maintained on file with City. Changes to these terms may NOT be made without prior approval from the City.
10. The operation of this business is subject to the conditions of approval as set forth in Conditional Use Permit #6758.
11. This business shall be subject to adherence to the Security Plan approved by the Police Department. The approved shall be modified as needed at the request of the Police Department.

12. Applicant shall maintain in good standing a license from the California Bureau of Cannabis Control to operate a retail cannabis business.
13. This permit is subject to a one-year review pursuant to Municipal Code Section 5.78.090. To aid in this review, quarterly reviews of this business will be conducted, including, but not limited to audits of all sales, tax and other pertinent financial information as may be need to ensure compliance with PMC sales tax requirements.

Failure to comply with the above conditions may result in the revocation of this permit. This permit shall become effective upon signing returning this original letter to the City.

Sincerely,



Steve Mermell,
City Manager

I accept the terms and conditions of this permit.



Tony Fong, Applicant/CEO

Enclosures:

Attachment 1 - Letter addressing PMC 5.78.110 (3)

Attachment 2 – Letter addressing annual audit requirement in compliance with PMC 5.78.150.

Attachment 3 – Register of owners and persons holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business.

Attachment 4 - Letter documenting compliance/progress with commitments in community benefits plan

xc: City Clerk, Director of Planning and Community Development, Director of Health Department, Director of Finance Department, Chief of Police Department, Chief of Fire Department

ATTACHMENT 1



3341 East Colorado Blvd.
Pasadena, CA 91107
Tel: (626) 999-5076

September 10, 2021

VIA ELECTRONIC MAIL

David Reyes, Director
Jennifer Paige, Deputy Director
Jon Pollard, Code Compliance Manager
City of Pasadena
Planning and Community Development Department
100 North Garfield Avenue
Pasadena, CA 91101

Re: Statement on Changes Related to Varda's Commercial Cannabis Permit Application pursuant to Pasadena Municipal Code § 5.78.110(3)

Dear City of Pasadena Planning and Community Development Department:

I, Tony Fong, hereby declare, on behalf of Varda, Inc. ("Varda"), that there have been no changes to Varda's ownership structure and there have been no material changes in Varda's operations or to any information that Varda provided in its commercial cannabis permit application since Varda's opening in December 2020.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Tony Fong".

Tony Fong
Chief Executive Officer
Varda Inc.



ATTACHMENT 2

3341 East Colorado Blvd.
Pasadena, CA 91107
Tel: (626) 999-5076

September 10, 2021

VIA ELECTRONIC MAIL

David Reyes, Director
Jennifer Paige, Deputy Director
Jon Pollard, Code Compliance Manager
City of Pasadena
Planning and Community Development Department
100 North Garfield Avenue
Pasadena, CA 91101

Re: Annual Performance Review for Varda, Inc.'s Commercial Cannabis Permit

Dear City of Pasadena Planning and Community Development Department:

On behalf of Varda, Inc. ("Varda"), I, Tony Fong, respectfully submit this letter and supporting documents addressing the annual performance review for Varda's commercial cannabis permit.

Pursuant to Pasadena Municipal Code ("PMC") Section 5.78.090, at the one-year anniversary of the date of the issuance of a commercial cannabis permit or shortly thereafter, the City of Pasadena (the "City") conducts an annual performance review of licensed cannabis businesses. Based on instructions received from the City of Pasadena, the annual performance review requires Varda to submit responses to eight individual categories of requests for information and supporting documentation. We address each of the eight categories below.

1. Cannabis Permit Renewal Fee of \$10,639 and 3% Records Retention Fee

- Response: Varda will pay the required permit renewal fee and the records retention fee when they become due.

2. Changes to Information on Current Commercial Permit Application Under PMC § 5.78.110(3)

- Response: There have been no material changes to the information that Varda provided in its commercial cannabis permit application since Varda's opening in December 2020. Attached hereto as Exhibit 1 is a declaration attesting to the same.

3. Annual Financial Audit Pursuant to PMC § 5.78.150

- Response: Varda has retained an independent certified public accountant ("CPA") to conduct a financial audit of Varda's operations. If a certified financial audit is

required, Varda's CPA will require at least 30 days to complete the audit. Varda hereby requests further guidance on the type of audit report required by the City. Varda will submit the audit report immediately upon completion.

4. Current Register of Owners and/or Financial Interest Holders

- Response: Attached hereto as Exhibit 2 is a current register of owners and/or financial interest holders in Varda. The register includes the names and contact information for each identified party, including their address and telephone number.

5. Current Register of Current Officers, Managers, Employees, Agents and Volunteers

- Response: Attached hereto as Exhibit 3 is a register of all Varda officers, managers, employees, agents and volunteers currently employed and/or otherwise engaged by Varda. The register includes the names and contact information for each identified party, including their address and telephone number.

6. Performance Report – Community Benefits Plan

- Response: Attached hereto as Exhibit 4 is Varda's performance report, which documents Varda's compliance with and progress regarding commitments made in its Community Benefits and Engagement Plan.

7. Health Permit Renewal

- Response: Varda has renewed its health permit and paid the renewal fee. Attached hereto as Exhibit 5 is Varda's renewed Health Permit.

8. Business License Renewal

- Response: Varda has renewed its City Business License and paid the associated renewal fee. Attached hereto as Exhibit 6 is Varda's renewed Business License.

Should you have any questions or require further information and/or documents from Varda, please do not hesitate to contact me.

Sincerely yours,



Tony Fong
Chief Executive Officer
Varda Inc.



ATTACHMENT 3

3341 E. Colorado Blvd.
Pasadena, CA 91107

September 10, 2021

Register of Owners and Financial Interest Holders

Name	Title/Association	Address	Phone No.
Tony Fong	Owner/CEO/CFO	300 S. Raymond Ave., Suite 15, Pasadena, CA 91105	626-215-5656
Leonard Wang	Owner/COO	491 Yorbita Rd., La Puente, CA 91744	323-868-1688
Coastal Holding Company, LLC ("CHC")	Financial Interest Holder	819 Reddick Street, Santa Barbara, CA 93103	619-861-2702
Julian Michalowski	CHC	2415 Borton Dr, Santa Barbara, CA 93109	805-886-3902
Malante Hayworth	CHC	627 Ricardo Ave Santa Barbara, CA 93109	805-886-8484
Josh Ginsberg	CHC	Dorado Beach East, #264, Dorado, PR, 00646	303-817-2305
Kimberly Moffatt Jones	CHC	1187 Coastal Village Rd STE 1 382, Montecito, CA 93108	805-722-8171
Ngai Nam (Dennis) Wai	Financial Interest Holder	1300 Colony Plz, Newport Beach, CA 92660	720-220-3208



3341 E. Colorado Blvd.
Pasadena, CA 91107

September 10, 2021

Register of All Persons Employed or Engaged by Varda

<u>Name</u>	<u>Title/Position</u>	<u>Address</u>	<u>Phone No.</u>	<u>Pasadena</u>
Tony Fong	Owner/CEO/CFO	300 S. Raymond Ave., Suite 15, Pasadena, CA 91105	(626) 215-5656	
Leonard Wang	Owner/COO	491 Yorbita Rd., La Puente, CA 91744	(323) 868-1688	
Olivia Acevedo	Sales Associate	PO Box 554, San Gabriel, CA 91778	(518) 947-8042	
Andrea (Dre) Arriola	General Retail Manager	440 Ferrara Ct., #105, Pomona, CA 91766	(909) 702-1992	
David Backhaus	Sales Associate	1405 Hastings Ranch Dr., Pasadena, CA 91107	(626) 394-6111	X
Wyatt Baer	Sales Floor Lead	421 N Kenneth Rd., Burbank CA 91501	(818) 321-9874	
Justin Bresee	Sales Associate/Driver	1156 N. Chicago St., Los Angeles, CA 90033	(607) 794-1615	
Robert Davis	Operations Lead	4824 Coliseum St., Unit 7, Los Angeles, CA 90033	(323) 423-3554	
Daphne Garcia	Supervisor	2055 Rodney Dr., Los Angeles, CA 90027	(323) 527-3883	
Mary Alisha (Mary) Haynes	Sales Associate/Driver	12131 Ranchito St., El Monte, CA 91732	(626) 222-0003	
Jessica Hernandez	Sales Associate	1714 N. Penn Mar Ave., South El Monte, CA 91733	(626) 923-7755	
Fernando (Daniel) Loera	Sales Associate	440 Ferrara Ct., Apt. 105, Pomona, CA 91766	(626) 206-1953	
Justin Maldonado	Sales Floor Lead	241 Cresta Ave., San Gabriel, CA 91775	(323) 493-0708	
Jennifer (Jenny) Martinez Sanchez	Sales Associate	410 N. Altadena Dr., Pasadena, CA 91107	(909) 553-9982	X
Brian McShane	Sales Associate/Driver	3277 Vosburg St., Pasadena, CA 91107	(513) 546-7282	X
Elizabeth Rawson	Sales Associate	3290 E. Sierra Madre Blvd., Pasadena, CA 91107	(626) 203-6805	X
Anthony Robles	Sales Associate	141 Bonita St., Unit 8, Arcadia, CA 91006	(818) 731-5184	
Laura Santa Cruz	Sales Associate	259 N. Chester Ave., Apt. 1, Pasadena, CA 91106	(520) 406-2894	X



September 10, 2021

VIA ELECTRONIC MAIL

David Reyes, Director
Jennifer Paige, Deputy Director
Jon Pollard, Code Compliance Manager
City of Pasadena
Planning and Community Development Department
100 North Garfield Avenue
Pasadena, CA 91101

Re: Varda's Performance Report – Community Benefits and Engagement Plan

Dear City of Pasadena Planning and Community Development Department:

Varda, Inc. ("Varda" or "Company") respectfully submits this Performance Report pursuant to the City's request for information on Varda's implementation of its Community Benefits and Engagement Plan.

Hiring Plan

Varda has conducted an internal review of its hiring plan to ensure that Varda's hiring plan reflects the intent and the spirit of the promises made in its application, namely that Varda is and will continue to be an inclusive and Pasadena-focused business. To that end, we recently revised Varda's recruiting and hiring plan to ensure consistency with its application. Varda's Hiring Plan presents goals, strategies, guidelines and options the Company's Management Team is obligated to consider and rely on for recruitment and hiring for open positions at Varda. The Hiring Plan places specific emphasis on the hiring of local Pasadena residents. Varda's revised Hiring Plan is attached in Appendix A.

Although the pandemic made it more challenging to identify and hire local residents, our efforts to implement the Hiring Plan have yielded positive results. Currently, local Pasadena residents comprise 31% of Varda's workforce, which exceeds Varda's expected figure of 30%. Varda intends to hire up to three additional employees over the next 6 months and expects to fully deploy its retooled Hiring Plan for its next job application cycle.

Ethical Practices Plan

Varda values its employees and believes in strong ethical employment practices protecting and promoting employees. As such, Varda has drafted and will implement an Ethical Practices Plan

attached in Appendix B. Varda will train its managers and all staff on the attached plan, and will require an open door policy for its owners and all managers.

Compensation Package; Wages and Benefits

Varda cares about its employees, which is why we offer competitive wages that exceed the minimum wage and benefits that are far more generous than compensation packages offered by our competitors. Employee retention and happiness is key to running a successful business and Varda credits its relatively low employee turnover, in part, to the following employee wages and benefits:

A. Wages (Minimum)

- Advisors - \$17.81/hr
- Sales Floor Lead - \$18.25/hr
- Inventory Specialist - \$18.25/hr
- Supervisor (non-managerial) - \$20.00/hr
- GM - \$66,000/year

B. Holiday Premium Pay - Employees who work on holidays are paid their regular hourly rate plus a holiday premium pay equal to one and a half times their regular hourly rates.

C. Health Insurance - Varda offers PPO health insurance through Anthem to all employees working more than 30 hours per week after 30 days of employment. All PPO premiums are paid by the company; employees pay zero in premiums.

D. Worker's Compensation Insurance – All employees are covered by worker's compensation immediately upon hire.

E. Paid Leave - Full-time employees accrue paid vacation in accordance with the following policy:

- *Vacation* – Upon hire all employees begin to accrue up to 72 hours of vacation per year. Employees have the option to redeem their unused vacation day as wage every February of each year.
- *Sick Leave* - All employees accrue up to 64 hours of sick leave per calendar year. Employees may use sick leave for medical, dental and/or vision appointments and/or procedures.
 - Employees may also use sick leave to attend to a child, grandchild, parent, grandparent, sibling, spouse, domestic partner or domestic partner's child, or any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship who is ill.
 - Sick leave can be used by employees who are victims of domestic violence, sexual assault, or stalking.
- *Volunteer Leave* - Varda provides to employees paid leave of up to 5 hours monthly for volunteer work. Employees are encouraged to do volunteer work in the local community, such as at the Jackie Robinson Community Center and/or the Boys and Girls Club.

F. Parental Leave - Employees may take a maximum of twelve (12) weeks of unpaid parental leave within one year of the child's birth, adoption, or foster care placement.

- *Pregnancy-related Disability Leave or Transfer* - Any employee who is disabled on account of pregnancy, childbirth, or related conditions may take an unpaid pregnancy-related disability leave of up to four months.
 - Employees taking pregnancy-related disability leave are entitled to continued coverage under Varda's group medical plan for the duration of the leave.
- G. Victims of Crime Leave - An employee who is the victim or family member of a victim of a violent felony or serious felony is entitled to take reasonable time off from work unpaid.
- H. Retirement Plan – Varda has established for our employees a 401k plan with Leading Retirement Solutions. The 401k plan will start on October 1, 2021 with enrollment beginning shortly. All employees will have the option to enroll in the plan after 90 days of employment. The Company plans to match 100% of the employee’s 401k contributions up to 3% of the employee’s pay.
- I. Tuition Support - Varda offers tuition support of up to 12 units per semester for full-time employees who: (1) have worked for Varda for one year; and (2) attend Pasadena Community College.

Workforce Plan

Varda is committed to hiring local residents and maintaining a diverse workforce that reflects the rich diversity of the community we operate in. In compliance with its stated goals, Varda has staffed and will use best efforts to continuously staff a minimum of 30% of its workforce with Pasadena residents and residents living within a 3-mile radius of the store’s location. In addition, Varda remains committed to staffing another 30% of its workforce with individuals (with/without families) living under the poverty line and/or individuals disproportionately impacted by cannabis criminalization, however due to legal restrictions, Varda cannot confirm such background information with applicants.

A. Workforce - Local

Currently 31% (5/16) of Varda’s staff live in Pasadena and within 3 miles of Varda’s retail location. Varda expects to have an additional three (3) open positions that we will seek to fulfill from within the City to ensure we continue to meet and exceed promises made in our application and to the Pasadena community.

At the time of Varda’s initial response, 31% of employees lived within a three-mile radius of Varda’s retail store. The following chart represents the list of Varda employee zip codes as of the time of the initial response.

90027	90033	90033
91006	91106	91107
91107	91107	91107
91501	91732	91733
91766	91766	91775
91778		

B. Workforce – Under poverty line and/or disproportionately impacted by cannabis criminalization

Per instructions received from our retained counsel, we cannot require the disclosure of applicant income levels/thresholds information and we are restricted by law from overtly asking about prior criminal convictions. Although Varda cannot confirm and/or provide evidence of meeting these goals, the Hiring Plan addresses strategies and options on how to reach potential low income applicants and those with prior criminal convictions affected by previous cannabis laws. In lieu of these commitments, Varda's nonprofit arm, New Discovery Foundation, will allocate more of its community benefit funding (received from Varda) to organizations serving low-income individuals and those disproportionately impacted by cannabis criminalization. Further, counsel has advised, and Varda follows, the following procedure to attempt to meet our community commitment guidelines:

- Without asking about prior workplace earnings alert the interviewee that Varda places an emphasis on hiring individuals that fall below the poverty line.
 - If the interviewee volunteers information indicating they are below the poverty line in response to this notification, it is noted by the hiring manager as a positive qualification.
- Alert the interviewee that Varda places an emphasis on hiring individuals who have been adversely impacted by cannabis criminalization.
 - If the interviewee volunteers information that they have been adversely affected by the criminalization of cannabis in response to this notification, it is noted by the hiring manager as a positive qualification.

Through our crafted interview strategies, notifications and deployment of our retooled Hiring Plan, Varda believes that it will achieve a 30% minimum, as it relates to employing workers below the poverty line and/or disproportionately impacted by cannabis criminalization. This assessment takes into account our hiring practices, job posting practices, and feedback received from our interviewers.

1. *Further Efforts.* On behalf of Varda, I have personally been in touch with the following groups and individuals to explore options and strategies to expand Varda's access to a more diverse pool of job candidates:

- Pasadena Community Coalition – Martin A. Gordon
- Ujima Advisors – Craig Washington
- Pasadena Chamber of Commerce – Paul Little
- Union Station Homeless Services – Dana Bean

Economic Inclusion – Sourcing from Social Equity Licenses

Varda is pleased to report that it has exceeded its commitment to use good faith efforts to source 5 percent of its inventory from social equity cannabis businesses in California. From Varda's grand opening in December 2020 to present, in terms of inventory value, Varda has sourced approximately 34% worth of inventory from social equity cannabis businesses within California.

Social Equity and Diversity, Equity and Inclusion in the Workplace

In its application and prior discussions with the City, Varda committed to retaining an employment attorney to achieve its objectives in promoting a social equity culture of diversity, equity and inclusion (“DEI”) in the workplace. However, Varda has since learned that a human resources consultant specializing in DEI would be better suited to achieve these goals. Therefore, Varda’s founders have reached out to a few consultants, and have met with and intend to retain Ms. Llisa Prater to further develop and establish DEI policies and practices within Varda’s workplace. Ms. Prater will also provide education through written materials and an annual workshop to all employees on the importance of diversity, equity and inclusion and how to incorporate these ideas and values into Varda’s workplace.

Llisa Prater is a Pasadena born and raised native and currently resides in Pasadena as well. She has a proven track record of assessing, planning and executing DEI programming, having previous experience with government agencies, corporations, universities and even the Target store in Pasadena. Ms. Prater will be a valuable resource for Varda given her familiarity with the Pasadena neighborhoods and community along with her expertise in DEI programming.

Varda intends to retain Ms. Prater to assist with the following goals and actions:

- Advising Varda on how best to take equality, diversity and inclusion into account in planning and procedures related to employment and the workplace;
- Promoting and sustaining an inclusive and diverse environment through education, workshops, and/or outreach;
- Reviewing current policies, practices and procedures through an equity and diversity lens, to identify potential gaps, areas for improvement and areas of strength;
- Reviewing how the Management Team can award, celebrate, and recognize equality, diversity and inclusion achievements;
- Creating resources and offering sensitivity training on needs of Varda’s employees; and
- Organizing events to celebrate and promote diversity and inclusion.

Varda has internally drafted an initial DEI Plan (attached in [Appendix C](#)). However, Ms. Prater will review and develop a revised plan that will be more comprehensive and focused. Varda hopes to finalize a revised DEI Plan within 45 days of this report.

Community Benefits

Varda hereby fully and unequivocally affirms its Community Benefits funding and donations commitment. Varda’s community benefits commitment consists of donating 5% of Varda’s net annual profits to Varda founders’ nonprofit foundation, New Discovery Foundation, to be used for charitable purposes.

A. Varda’s 2021 Donations

On April 7, 2021, Varda donated, for the first quarter of 2021, the sum of \$5,000 to New Discovery Foundation (“NDF”), the 501(c)(3) non-profit private foundation arm of Varda. Pursuant to its agreement with Varda, NDF is obligated to disburse 100% of the funds received from Varda to Pasadena-based non-profit organizations.

As Varda does not yet have year-end financial statements, it is unable, at this juncture, to calculate its net profits for fiscal year 2021, which makes it impossible for Varda to ascertain the exact

amount due under its community benefits commitment. Accordingly, the sum donated on April 7, 2021, represents an estimate of the amount due for the first quarter of 2021.

On July 23, 2021 Varda made an additional donation to NDF in the amount of \$10,000 as an estimate of Varda's community benefits commitment for the second quarter of 2021. Varda intends to make two additional \$10,000 donations in 2021 as estimates for Varda's community benefits commitments for the third and fourth quarters of 2021.

Following the completion of its year-end financial statements in or around January, 2022, Varda will calculate the total amount of its community benefits commitment for 2021 based on the 5% net profit standard. If the amount donated in 2021 falls short of the total commitment amount, Varda will make the donation shortfall to NDF immediately.

B. Retroactive Donation for Calendar Year 2020

Lastly, Varda made a minimum commitment of \$10,000 in annual funding of NDF. Varda intended this commitment to mean that if 5% of Varda's annual net profits did not yield \$10,000 in donations to Pasadena-based non-profits, Varda would nevertheless set aside a minimum of \$10,000 in funding to NDF. NDF would, in turn, distribute the full 100% of the funds, without offset for its operational costs, to local non-profits, community groups, city initiatives, city needs, and community programs with a focus on educating children, providing support for low-income individuals and those who have been disproportionately impacted in society. However, to minimize any potential ambiguity in the interpretation of its commitment, and as a demonstration of Varda's unwavering desire to give back to the community, Varda will donate to NDF \$10,000 annually in addition to its 5% net profit commitment. On July 27, 2021, Varda transferred an additional \$10,000 to NDF as a retroactive donation for the 2020 calendar year.

A. New Discovery Foundation

NDF disbursed Varda's \$5,000 donation for the first quarter of 2021, to the following non-profit organizations:

- **\$500 to Pasadena Police Foundation**, non-profit foundation that assists with the planning, development, implementation and support of programs and activities of the Pasadena Police Department, and which enhances connectivity and involvement of the Pasadena community with its Police Department.
- **\$500 to the Friends & Fellows Fund of the Pasadena Community Foundation**, a public charity that works with individuals, families, and organizations to establish philanthropic funds, create and build endowment funds, and distribute charitable gifts to nonprofit organizations.
- **\$500 to the Pasadena Educational Foundation**, a Pasadena non-profit organization whose mission is to support, enhance and supplement the programs, initiatives and priorities of the Pasadena Unified School District.
- **\$500 to Door of Hope**, a Pasadena non-profit organization whose mission is to empower families facing homelessness to transform their lives through holistic programs designed to help parents and children overcome the challenges they face.
- **\$500 to Friends In Deed**, a Pasadena non-profit organization that provides supportive services to meet basic human needs, so our community's homeless and at-risk neighbors can rebuild their lives.
- **\$500 to Flintridge Center**, a Pasadena non-profit organization supporting and providing for home and opportunities to individuals of high-risk, high-need circumstances from various communities.
- **\$500 to Villa Esperanza Services**, a Pasadena non-profit organization serving and providing programs for intellectually/developmentally disabled individuals.

- **\$500 to AbilityFirst**, a Pasadena non-profit organization supporting and providing programs for people with disabilities.
- **\$500 to The Gooden Center**, a Pasadena non-profit organization providing residential, outpatient, and transitional living treatment to individuals with psychiatric disorders and/or substance abuse issues.
- **\$500 to Elizabeth House**, a Pasadena non-profit organization serving and providing programs for pregnant and parenting women in need.

Receipts of donations are available upon request. Additionally, Varda and NDF welcome the City of Pasadena's input and direction on how best to allocate and disburse its monetary community benefits commitment. Should the City wish to weigh in on allocation and disbursement, please feel free to contact either myself or Leonard Wang.

B. Pasadena Associations

1. *Pasadena Chamber of Commerce*

Varda is an active member of the Pasadena Chamber of Commerce and looks forward to not only a continuing membership but also a long-lasting relationship with the Chamber. We are proud to have had Paul Little, President and CEO of the Pasadena Chamber of Commerce, attend Varda's grand opening ribbon-cutting event.

2. *Pasadena Community Coalition*

As a co-owner of the Company, I've had numerous conversations with Martin Gordon, Chair of Pasadena Community Coalition, regarding social equity issues. We have provided tours of our facility to Mr. Gordon prior to and after opening to the general public. Mr. Gordon also attended Varda's grand opening ribbon-cutting event.

C. Other Community Involvement

In or around March and/or April 2020, as the pandemic brought the nation and much of the world to a halt and the nation faced a critical shortage of face masks, Leonard Wang and I, as co-owners of Varda, separately donated hundreds of face masks to the City of Pasadena. Varda opened later in the year in December 2020.

During this past holiday season, I was humbled to personally donate to a Toys for Tots gift drive through my apartment complex, and, on behalf of the Company, I made further donations to the Salvation Army and Goodwill, all located in Pasadena.

Varda also partnered with Dear Cannabis which makes products available at zero cost to medical patients.

D. Use of Local Vendors

Varda has used the following local vendors and continues to emphasize local first:

- ARC Document Solutions for printing needs of flyers, brochures, and business cards;
- Good Lock & Key for the installation and maintenance of locks;
- ACE Hardware Store for general maintenance needs;
- Smart and Final for employee break room supplies;
- Target for office and cleaning supplies;
- Office Depot for office supplies;
- Cost Plus World Market for in-store decorations;

- Home Depot for cleaning supplies; and
- Pasadena Live Scan Service for live scans.

E. Pasadena Lab Testing

I routinely utilize Encore Labs, among other vendors, to meet the testing obligations of my cannabis operations. Encore Labs is a premier cannabis testing facility that is based in Pasadena. In July 2021 alone, my manufacturing business paid Encore Labs approximately \$21,021 in lab testing costs and fees, which exceeds Varda's commitment.

F. Paid Volunteer Leave

While Varda maintains and highlights its paid volunteer leave programs, due to the COVID-19 pandemic our employees have been unable to participate in third party volunteer opportunities. As of the date of this letter, the Company is actively reaching out to partner organizations to learn about volunteer opportunities that are now available with the loosening of COVID-19 protocols and restrictions.

Below are examples of opportunities/partners Varda will be exploring for Paid Volunteer Leave opportunities:

- Pasadena Parks and Facilities for park cleanup initiatives
- Pasadena Senior Center
- Union Station Homeless Services

Conclusion

In conclusion, I want to thank the City of Pasadena for its ongoing support and I reaffirm our continuing commitment to all of Varda's community and workforce benefit obligations. We are a proud member of the Pasadena community and look forward to many years of mutual success with the City and the Pasadena community.

Sincerely yours,



Tony Fong
Chief Executive Officer
Varda Inc.



APPENDIX A



Recruiting and Hiring Toolkit



The recruitment and hiring of new employees require careful consideration of business and legal issues. This Plan provides Varda with general guidance and policies on key issues.

I. MISSION STATEMENT AND CULTURE

A. Mission Statement

Varda's vision is to be Pasadena's most customer-centric cannabis retailer, a wholesome environment where members of the community can comfortably, discreetly and safely enjoy the many proven salutary effects of cannabis.

B. Varda Culture and Values

Varda strives to create a workplace culture focused on customer service, legal and regulatory compliance, ethical practices, equality, diversity and inclusion.

Effective hiring practices can help Varda capitalize on its workplace culture and mission.

II. VARDA'S GOALS AND COMMITMENTS

Varda aims to staff at least 30% of its workforce with:

- Residents living within a 3 miles radius of Varda's retail store, and/or
- Residents living in Pasadena.

Varda also aims to staff at least another 30% of its workforce with:

- Individuals (with/without families) living under the poverty line, and/or
- Individuals disproportionately impacted by cannabis criminalization.

The Management Team must consider equality and diversity when assessing organizational and staffing needs, goals and risks. Furthermore, those disproportionately impacted by cannabis criminalization must not be excluded or disqualified from employment consideration as a result of their cannabis conviction(s).

The Management Team must not discriminate against any individuals or groups when assessing organizational and staffing needs, goals and risks and when making employment related decisions.

Varda has retained an employment attorney to advise Varda on employment and hiring matters, and to ensure that the company steers clear of potential violations of any state and/or federal prohibitions. Tony Fong and Leonard Wang always have an open-door policy – the Management Team and all staff are encouraged to contact either of them with any questions regarding recruitment, hiring, and other employment-related questions.



III. POLICIES

This section addresses the policies that must be adhered to throughout the recruitment and hiring process. Varda's Employee Handbook and Employment Policies contain further employment policies and benefits.

A. Objective

Varda is committed to a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discriminatory practices, including harassment. Therefore, Varda expects that all relationships among persons in the office will be business-like and free of bias, prejudice and harassment.

Varda has developed these policies to ensure that all prospective employees and its current employees can work in an environment free from unlawful harassment, discrimination and retaliation. Varda will make every reasonable effort to ensure that all concerned are familiar with these policies and are aware that any complaint related to a potential violation of such policies will be investigated and resolved appropriately.

Any employee who has questions or concerns about these policies should talk with co-owners Tony Fong and/or Leonard Wang.

These policies should not, and may not, be used as a basis for excluding or separating individuals of a particular gender, or any other protected characteristic, from participating in business or work-related social activities or discussions. In other words, no employee of Varda should make the mistake of engaging in discrimination or exclusion. The law and the policies of Varda prohibit disparate treatment on the basis of sex or any other protected characteristic, with regard to terms, conditions, privileges and perquisites of employment. The prohibitions against harassment, discrimination and retaliation are intended to complement and further those policies, not to form the basis of an exception to them.

Varda will strictly enforce its employment policies. These non-discrimination, anti-harassment and anti-retaliation policies will apply in all aspects of the operation of the company and treatment of its employees, including the application process, hiring, and termination of employees. Varda will distribute materials on this topic and will ensure proper training. Any incidents or complaints alleging harassment, discrimination or retaliation will be thoroughly investigated

B. At-Will Employment

All employment with Varda is "at-will."

C. Equal Employment Opportunity

It is the policy of Varda to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, age, disability, marital status, citizenship, national origin, genetic information, or any other characteristic protected by law. Varda prohibits any such discrimination or harassment.



D. Pre-Employment Inquiries

The California Fair Employment Practices Act provides that no pre-employment inquiries or specifications, direct or indirect, may be made concerning a job applicant's **race, religious creed, color, national origin, ancestry, age, sex, medical condition, or physical handicap**. The Act further **prohibits any non–job-related inquiry, either verbal or through use of an application form, which may directly or indirectly affect the employment opportunities of those protected by the Act**. The Act does not otherwise limit the rights of employers to seek full information about the prospective employees or to establish the job performance qualifications they consider essential. Whatever qualifications or standards are set, however, **must be applied equally to all persons**.

E. Non-Discrimination Policy

Varda, in accordance with applicable Federal and California law and company policy, does not discriminate in any aspect of its operations on the basis of race, color, citizenship status, national origin (including language use restrictions and possession of a driver's license issued under Vehicle Code section 12801.9), ancestry, sex (including pregnancy, childbirth, breastfeeding, or related medical condition), gender (including gender identity and gender expression), sexual orientation, age, religion (all aspects of religious beliefs, observances or practice, including religious dress or grooming practices), creed, physical or mental disability, physical handicap, medical condition, including genetic characteristics, genetic information, marital status, military or veteran status, status as a victim of domestic violence, sexual assault or stalking, updating of personal information based on a lawful change of name, social security number, or federal employment authorization document, employee's receipt of public assistance, such as Medi-Cal, or any other consideration made unlawful by federal, state or local laws.

Company policy will also prohibit unlawful discrimination based on the perception that anyone has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. The policies will specify that discrimination can also include failing to reasonably accommodate religious practices or qualified individuals with disabilities where the accommodation does not pose an undue hardship.

F. Anti-Harassment Policy

Varda is committed to maintaining a workplace that's free of harassment, so employees, and even prospective employees, can feel safe and happy. Varda will not tolerate anyone intimidating, humiliating or sabotaging others in the workplace. Varda also prohibits discrimination based on age, sexual orientation, ethnicity, race, religion, disability or any other protected characteristic. This workplace harassment policy applies to all prospective employees, current employees, contractors, public visitors, customers and anyone else whom employees come into contact with at work.

Harassment includes bullying, intimidation, direct insults, malicious gossip and victimization. Although there's not an exhaustive list, some examples of harassment include:

- Sabotaging someone's work on purpose.
- Engaging in frequent or unwanted advances of any nature.
- Commenting derogatorily on a person's ethnic heritage or religious beliefs.
- Starting or spreading rumors about a person's personal life.



- Ridiculing someone in front of others or singling them out to perform tasks unrelated to their job (e.g. bringing coffee) against their will.

G. Anti-Retaliation Policy

In addition to its commitment to maintaining a work environment that is free of harassment, intimidation and discrimination, Varda also strictly and expressly prohibits retaliation for engaging in protected activity such as reporting violations or participating in an investigation pertaining to alleged violations of laws, policies, or procedures. Crucial to these objectives is promoting an atmosphere where employees and others feel safe to engage in frank, honest communication – raising questions or concerns at any time without fear of retaliation.

Varda strictly prohibits any form of retaliatory action against prospective employees and current employees who raise issues or ask questions, make reports, participate in an investigation, refuse to participate in suspected improper or wrongful activity, or exercise workplace rights protected by law (“Protected Activity”). Situations or behaviors that could lead to an employee engaging in a Protected Activity include, but are not limited to reporting potential instances of any of the following:

- Discrimination or harassment;
- Fraud;
- Unethical or unprofessional business conduct;
- Non-compliance with Varda policies/procedures;
- Real or potential threats to Varda workers or the public’s health and/or safety;
- Violations of local, state or federal laws and regulations;
- Other illegal or improper practices or policies.

1. Protection from retaliation

Any Varda employee or prospective employee who engages in Protected Activity will be shielded from retaliation. Retaliation occurs when an employer takes an Adverse Action against an employee because she/he engaged in a Protected Activity. Adverse Action includes, but is not limited to:

- Failing to hire or consider for hire or promotion;
- Demotion;
- Suspension;
- Termination;
- Failing to give equal consideration in making employment decisions or to make impartial employment recommendations;
- Adversely impacting working conditions or otherwise denying any employment benefit to an employee;
- Creating a hostile or intimidating work environment.

H. Ethical Practices

Please see the separate Ethical Practices Policy.



I. Disability Accommodations

Varda is committed to complying with all laws that protect qualified individuals with disabilities. When requested, Varda will provide a reasonable accommodation for any known physical or mental disability of a qualified individual, provided the requested accommodation does not create an undue hardship for the company or pose a direct threat to the health or safety of others in the workplace or to the requesting employee.

This policy applies to all applicants and employees and extends to all aspects of the company's employment practices, including recruiting, hiring, discipline, termination, promotions, transfers, compensation, benefits, training, leaves of absence, and other terms and conditions of employment.

IV. RECRUITMENT PLAN

A. Identify the Job Opening and Assess the Need

Varda will identify the job opening, the position, and assess the further need of such position.

Job openings may occur in the following events:

- The departure of an employee that creates a vacancy.
- Business expansion that leads Varda to grow its workforce.
- Business expansion that requires different skills or qualifications.
- A reorganization of Varda that shuffles employee responsibilities and job requirements.

1. Review the Job Opening

Before recruiting to fill an open position, the Management Team should evaluate the reasons for the opening to ensure any employment activity that led to the open position was non-discriminatory and that the subsequent recruitment efforts are in the best interests of Varda.

2. Create Job Parameters

Once the Management Team has decided to hire a new employee, it should create specific parameters for the open position by:

1. Preparing a written job description – A job description should include:
 - a. job title
 - b. the responsibilities of the job including the essential functions that an individual must be able to perform, with or without reasonable accommodation, to be qualified for the job (distinguish between those functions that are essential to the job and those that are marginal);
 - c. take into account the strategic goals of Varda including any upcoming changes that may impact the role; and
 - d. cover any gaps or core skills that are missing from Varda's current workforce.
2. Reviewing the job description for compliance with laws - Before finalizing a job description, it should be examined to ensure it complies with anti-discrimination laws and does not give rise to potential discrimination claims. For example, a job description should avoid stating a preference based on a protected class, such as race or gender.



3. Classifying the job as exempt or nonexempt - Determine whether the position should be classified as exempt or nonexempt from overtime pay and other wage and hour requirements.
4. Setting the wage/salary range and benefits for the position – the Management Team must comply with and fulfill local commitments made by Varda.
5. Any special requirements and preferred qualifications.

B. Job Vacancy Announcement

The Management Team shall take the time to prepare an appealing job vacancy announcement that states the specifics of the position that will be helpful in attracting applicants for the position. It's important to present the information in an interesting and exciting fashion.

The vacancy announcement should include the following:

1. A **summary** of the position that will spark initial interest, identifying the challenges and rewards of the position, scope of the responsibility, the area to be managed, as well as the reporting relationships. Use language that is dynamic and inviting.
2. A description of the **duties and responsibilities** that identifies the main tasks (essential functions) to be performed by the incumbent.
3. The **minimum entrance requirements** from the position title which describe the minimum level of education (if applicable) and/or experience and substitutions for such that an applicant must possess in order to be considered for a job.
4. **Special requirements** (if applicable) such as special registration, licensure, certification or educational credentials, bi-lingual skills, etc., that the job requires.
5. The **preferred qualifications** identify the approximate level (amount) and type of experience, education, subject matter knowledge, professional skills and abilities being sought in the successful applicant, and local residency.

C. Recruitment Plan

A carefully structured recruitment process maps out the strategy for attracting and hiring desirable candidates and helps to ensure Varda reaches a diverse applicant pool.

1. Preparations and Considerations for Initiation of Recruitment Plan and Vacancy Announcement

At the time the vacancy announcement is generated, recruitment sources should be identified. The most inexpensive and most often overlooked method of recruitment is recruitment from within. If manager, assistant manager or senior Wellness Advisor positions are vacant, the Management Team shall first consider and/or recruit from Varda's current staff.

a. Demographic Data of Current Staff

The Management Team shall compile the demographic data of Varda's current staff. This list will provide direction in selecting appropriate recruitment sources based on staffing needs, goals and commitments. Demographic data of each position should include local residency, number of each ethnicity/race, genders, and others as may be appropriate.



The Management Team shall attempt to address internal needs, goals and commitments based on current demographic data. To help target certain demographics, recruitment must be careful so that hiring practices are not discriminatory per company policy.

2. Recruitment Sources

- a. Referrals from Current Employees
- b. Word of Mouth to Friends, Neighbors and Other Contacts
- c. Bulletin Boards at Community Centers (if allowed) and Job Placement Offices
- d. Local Organizations and Associations

The Management Team shall make best efforts to reach out to Pasadena based nonprofit organizations and associations serving low-income individuals and families, and diversity and multicultural organizations, to determine whether they could provide assistance in recruitment. Some Pasadena nonprofits include: Flintridge Center, Union Center Homeless Services, Door of Hope, and other similar organizations.

The Management Team shall also reach out to local employment agencies for assistance in recruitment.

- e. Job Fairs

When and where possible, Varda should participate in job fairs in low-income communities with a disproportionately high number of cannabis-related arrests, if this is able to be determined. Examples include virtual job fairs, the Minority Business Opportunity Day Conference, Crenshaw Community Career Fair, and the Magic Johnson Job Fair.

- f. Advertising the Position in Local Newspapers, Online Recruiting Sites, and Others

To effectively target quality candidates that meet the local commitments made by Varda, the Management Team should:

- Carefully consider where to advertise the vacancy – Consider different methods and locations of job postings and advertisements to ensure that the Management Team has attempted to reach a wide and diverse pool of potential candidates. Keep in mind Varda's ***commitment to hire local residents***.
 - That means the advertisements should be circulated locally, in local periodicals, or with local organizations – particularly those that are likely to draw from a pool of low-income applicants. Word of mouth advertising is very important, as local employees are likely to share the information with local friends and colleagues.
 - To the extent possible, work with the US Department of Veterans Affairs, Women for Hire, Vietnam Veterans of America and other similar organizations.
 - Share the hiring process, where possible, with Women Grow, Cultivating Cannabis Leaders, the Minority Cannabis Business Association and other similar groups.
- Post all job listings for 30 days
- Job postings should:
 - always include a statement that the organization is an equal opportunity employer; and
 - outline the essential functions of the position based on the written job description (only the qualifications and skills necessary for the job);



- use language that is inclusive, unbiased and ungendered.
- Refer back to Vacancy Announcement section on Page 7 for further details and considerations.
- What to exclude from job postings.
 - Job postings and ads soliciting employment applicants should not directly or indirectly discriminate against any protected class. For example, avoid ads that:
 - indicate a preference or limitation based on gender; and
 - deter older individuals from applying, such as ads seeking recent college graduates or candidates with only a few years of experience (such as seeking candidates with three to five years' experience), as opposed to seeking individuals who meet a minimum threshold (such as at least three years' experience).

V. HIRING PROCESS

A. Screening Process

The Management Team will establish screening criteria based on the minimum requirements, special requirements, and the essential skills and subject matter knowledge that an individual must possess in order to do the job. Review the applications/resumes to determine if the candidate meets the established screening criteria. The Management Team must review applications/resumes for the same set of skills.

From Job Description, the Management Team will develop screening criteria for the application and interview that will focus on the following:

- Primary Duties/Responsibilities: the key responsibilities and the tasks necessary to fill these responsibilities (these are called “the essential functions of the job” as opposed to marginal functions).
- Communication Requirements: persons with whom the candidate will interact; types of written or oral reports the applicant will prepare or make.
- Supervisory Responsibilities (if applicable): who will report to the individual, what is the nature and scope of the job’s supervisory responsibilities.
- Work Environment Characteristics: workplace culture, ethical practices, pace of the workplace, daily schedule.
- Type of Supervision Received: hands-on day-to-day supervision or minimal supervision.
- Organizational Values: workplace culture and organizational values needed in this position, e.g., “focus on customer service”.

Select qualified applicants for interviews by:

- Collecting applications/resumes and gathering standardized information from applicants using application forms that comply with applicable federal and state law;
- Considering whether the applicants, from the information provided on their applications:
 - meet the minimum essential job requirements for the position; or
 - can perform the essential job requirements with reasonable accommodation;
- Calling a narrowed pool of applicants for brief telephone interviews to:
 - obtain information about an applicant’s availability, confirming pay scale, reviewing essential job skills, and other preliminary information;



- gauge an applicant's communication skills and professionalism; and
- eliminate time-consuming meetings with applicants who do not meet Varda's requirements.
- Extending in-person interview invitations only to a shortlist of applicants who best meet the essential job requirements.

B. Interview Process

Once all applicants are screened, Varda's managers shall conduct applicant interviews. The Management Team will work together to prepare interview questions and areas to address during interviews. Interviews will be structured to address work history, relevant industry experience, special skills, career goals and/or development, ethical practices, and workplace culture.

A well-developed and thorough interview process:

- Gives the employer and its job applicants the opportunity to learn more about each other and validate information provided to one another.
- Provides the employer with data to evaluate an applicant's skills and abilities.
- Helps the employer select quality applicants to build a professional and productive workforce.
- Helps the employer comply with relevant laws during the screening, interview, and hiring process.
- Helps create an inclusive, consistent, and compliant search that promotes diversity, access, and inclusion.

1. Prepare for Interviews

To set the stage for conducting efficient and effective interviews, consider:

- Establishing an interview format - For example, decide:
 - whether interviews should be conducted by a single individual or a panel, or by several individuals in successive interviews;
 - the outline and length of each interview;
 - the questions to be asked of all applicants and the weight assigned to each question; and
 - which questions each interviewer should ask.
- The Management Team shall thoroughly review the completed applications in advance of the interviews. Use the applications to assess skills and background and ask for clarification if needed.

2. Sample Interview Questions

The following sample interview questions are meant to be a guide. Interview questions should be tailored towards each applicant, their application/resume and based on the job position.

Work History:

- Experience in cannabis industry?
- Describe projects or duties that you found most/least interesting.
- Describe aspects of your last position that were most/least enjoyable.
- Describe your most significant contribution(s).



- Describe the diversity present in your previous/current job, and the benefits and challenges you experienced as a result of this diversity.
- Describe a problem that you encountered in your previous/current position and the approach you used to resolve the problem.
- Describe your ability in meeting deadlines for projects in your current position.
- What has been the accomplishment of which you are most proud?
- What job have you liked the most/the least? Why?
- What factors are most important to you in terms of job satisfaction?
- What are your key responsibilities or objectives in your current position? Which of these objectives have you performed particularly well? Why? Which of these have you performed least well? Why?
- What effect have your accomplishments had on your current organization?
- Describe your experiences in working independently on projects.
- Of the various environments in which you have worked, which did you enjoy least?
- Of the various environments in which you have worked, which did you enjoy most?

Mission, Workplace Culture and Ethical Practices:

- Experience with customer service?
- People/communication skills?
- Describe the types of interactions with peers, fellow employees, and other people that you have dealt with as part of your job.
- Promote diversity and inclusion within workplace. How do you feel about this?
- Respectful to peers
- Follow rules.
- Experience with following rules?
- Experience with complex point-of-sale system?
- Experience with legal and regulatory compliance?

Career Goals or Professional Development:

- What goals have you set for the next 6 months in your current position?
- How have you progressed up through the ranks to get where you are?
- What about this position makes it the right step in your career path?
- What are your career goals?
- What improvement needs have been identified in recent reviews?
- What areas do you need to develop to round out your professional strengths?
- What are you looking for in your next position?
- Where do you hope to be five years from now?
- What did you do assist in your professional development in your last position?
- For which part or parts of this position would you need training?
- What are your short-term career objectives? Why?
- What are your long-term career objectives? Why?
- To what extent is this position relevant to your career objectives?

Miscellaneous:

- Is there anything else you feel is important for me to know about you?
- Describe your ideal job?



- What kind of work are you interested in?
- If you could do the last 5 years over, what would you do differently?
- What do you know about our company's products and service?
- Why do you want to work for our agency?
- Why are you the best applicant for this position?
- Why do you wish to leave your current position? What factors have led to this decision?
- If you could describe yourself in three words, what would they be?

3. Interview the Shortlist of Applicants

To conduct effective interviews and minimize legal risk, consider the following guidelines for the interview:

- Ensure consistency and fairness in questioning - Ask appropriate questions that focus on objective criteria and the essential functions of the job. Have applicants describe their professional history (including skills, work experience, education, training, and accomplishments) so the employer can assess their qualifications. Greater weight should be given to applicants who have contributed to their communities through volunteer work.
- Avoid inappropriate questions - Limit interview questions to ones that reasonably relate to the job for which the applicant is applying. Ensure questions do not seek information about an applicant's membership in any protected class under applicable federal, state, or local law. Do not ask about criminal convictions.
- Comply with state and local salary history bans - Avoid questions about an applicant's prior wages or benefits during the pre-employment process. The employer should not consider that information when making interview, hiring, or compensation decisions.

4. Rating Process and Selecting Successful Applicant

To be eligible for a position at Varda, candidates must be:

- Motivated to learn about cannabis (20 pts)
- Punctual (10 pts)
- Friendly (20 pts)
- Have a good work ethic (20 pts), and
- Provide a high quality of customer service (10 pts)

Varda also considers the following qualifications for Wellness Advisors:

- High school diploma (or equivalent)
- Accurate cash handling (1 pt)
- Ability to adapt quickly to a new POS system (1 pt)
- Natural Team Player (1 pt)
- Proven Record of excellent customer service (1 pt)
- Excellent communication skills (1 pt)
- Ability to take instruction (1 pt)
- Social Media savviness (1 pt)
- Cannabis knowledge (1 pt)
- Community service contributions (2 pt)
- Community service contribution in Pasadena (1 pt)



- Ability to stand for extended periods of time
- Veteran (3 pts)
- Individuals (with/without families) living under the poverty line (3 pts), and/or
- Individuals disproportionately impacted by cannabis criminalization (3 pts)
- Pasadena Resident (+10 pts)

Comments can include descriptions of the candidate's behavior during the interview, for example: *Candidate spoke in a monotone voice.* Notes regarding content presented by the candidate are also appropriate: *demonstrated clear understanding of diversity and inclusion in the workplace; and ethical practices.* Notes regarding inferences drawn by the interviewer about a candidate are not appropriate. *Candidate appears lazy and unmotivated.* Interviewers should also take care not to record irrelevant information on scoring sheets, nor to doodle on them, as this information could also come into question in the event of a challenge or audit.

As soon as the Management has identified potential successful applicants for a position, they must contact co-owners Tony Fong and/or Leonard Wang. The Management Team is encouraged to select more than one potential successful applicant to review with Tony and Leonard, preferably at least three potential successful applicants. The Management Team shall review the applicants, qualifications, strengths, weaknesses, and ratings with Tony and Leonard. With the valuable input and ratings by the Management Team, Varda co-owners Tony and/or Leonard will make the final decision on selecting the successful applicant in a ranking order. A ranking order is decided upon in case the top applicants do not accept Varda's offer of employment. Lastly, the Management Team and Tony and/or Leonard will decide upon the desired wage for the position in accordance with Varda's commitment to the City and commensurate with the position.

5. Make a Verbal Offer

Once co-owners Tony and/or Leonard have compiled the ranking list of successful applicants, the Management Team will contact the applicant by phone to make a verbal offer. When making a verbal offer, the Management Team should:

- Contact the applicant without delay, ideally by telephone, to avoid losing the applicant (for example, if the applicant has other job offers to consider).
- Discuss a potential start date, confirm the total compensation package offered (including salary and benefits), and clarify any questions the applicant may have.
- Gauge whether the applicant is likely to accept the offer and agree on a time frame for the applicant to respond to the offer.
- If necessary, negotiate employment terms with the applicant.
- Explain the next stage of the hiring process (for example, the employer sends a formal offer letter and conducts background and reference checks).
- Remind the applicant that any agreed terms are subject to the issuance of a formal offer letter, the applicant's return of a signed copy, and satisfactory completion of certain requirements (such as background checks).

6. Follow Up with a Conditional Offer Letter

Once the applicant has conditionally accepted a verbal offer, the Management Team should follow up by sending an offer letter to document Varda's relationship with the prospective employee.



Varda may make the offer contingent on the applicant's satisfactory completion of certain requirements, such as:

- Verification of the applicant's right to work in the US.
- A background investigation.
- Verification of references and professional qualifications, where appropriate.
- Execution of employment-related agreements (if applicable).

7. Conducting Background Checks

Employers often want to access information on job applicants to confirm they are hiring the best candidate for the job. Conducting background checks on applicants can help an employer:

- Evaluate the accuracy of an applicant's credentials.
- Minimize the risk of employee theft and other crimes such as fraud.
- Minimize the risk of workplace violence.
- Reduce exposure to litigation such as negligent hiring claims.

8. Document Recruiting and Hiring Activities

Documentation of recruiting and hiring activities is often used as evidence during litigation in discrimination, negligent hiring, and other employment-related claims. Depending on the contents of the documentation, it can be useful in defending those claims. Varda's documentation should cover and include:

- A written job description listing essential job requirements.
- All decisions made by the employer regarding applicants, including reasons for:
 - selecting applicants to interview;
 - rejecting specific applicants; and
 - making an offer to an applicant.
- The background check process, such as comments received from personal, character, and professional employment references and information about an applicant's prior work history.
- If the employer screens applicants for criminal conduct (other than cannabis convictions):
 - the employer's narrowly tailored written policy and procedures for screening applicants;
 - justification for the policy;
 - research considered to craft the policy; and
 - reasons for not selecting certain candidates based on screening factors or individualized assessments.

9. Maintain Confidentiality

The Management Team must:

- Keep confidential all applicant information, including the results of background checks.
- Maintain this information in a secure location, such as a locked file cabinet or password-protected electronic files.



- Make this information available only to individuals with a legitimate business need to access the files.
- Use this information only for the intended, legitimate purpose.
- Keep certain documents gathered in the hiring process separate from personnel files (for example, keep applicant medical records confidential and separate from other application records).

VI. CONCLUSION

If you have any questions, concerns, need advice, or when in doubt, please consult with Varda co-owners Tony Fong or Leonard Wang.



APPENDIX B



Ethical Practices Plan



I. MISSION STATEMENT AND CULTURE

A. Mission Statement

Varda's vision is to be Pasadena's most customer-centric cannabis retailer, a wholesome environment where members of the community can comfortably, discreetly and safely enjoy the many proven salutary effects of cannabis.

B. Varda Culture and Values

Varda strives to create a workplace culture focused on customer service, legal and regulatory compliance, ethical practices, equality, diversity and inclusion.

II. WORKPLACE CULTURE POLICIES AND PROGRAMS

A. Open Door Policy

Varda has adopted an Open Door Policy for all employees. Varda's owners, Tony Fong and Leonard Wang, and all members of the Management Team (managers and assistant managers) have open-door policies, which means that their doors are open to every employee who has a need to discuss any employment-related concerns.

The purpose of this Open Door Policy is to encourage open communication, feedback, and discussion about any matter of importance to an employee. It also means that employees are free to talk with any owner or manager at any time about any topic.

1. No Retaliation

This Open Door Policy includes assurances that any employee who exercises his/her right to talk to any owner or manager will experience no retaliation or interference from anyone at Varda.

B. Promoting a Healthier and Happier Workplace Environment

Varda is committed to providing a healthier and happier workplace environment with the goal of reducing workplace related stress, anxiety and/or fatigue. In furtherance of this goal, Varda will provide free meditation sessions during paid work hours through the use of a meditation program or apps such as Calm, Headspace or other similar apps.

C. Employee of the month

Varda is committed to its employees and desires to reward employees each month for outstanding work or work that goes above and beyond general duties and responsibilities.

Each month, each manager will nominate and decide on an employee for the Employee of the Month award. The employee of the month will receive any one of the following benefits the following month:

- One-time additional 30 minutes (paid wage) for lunch;



- A gift card;
- Or other benefit to be determined.

III. ETHICAL PRACTICES

A. Build Trust and Credibility

The success of Varda is dependent on the trust and confidence we earn from our employees, customers and the general public. We gain credibility by adhering to our commitments, displaying honesty and integrity and reaching company goals solely through honorable conduct. It is easy to say what we must do, but the proof is in our *actions*. Ultimately, we will be judged on what we do.

When considering any action, it is wise to ask: Will this build trust and credibility for Varda? Will it help create a working environment in which Varda can succeed over the long term? Is the commitment I am making one I can follow through with? The only way we will maximize trust and credibility is by answering “yes” to those questions and by working every day to build our trust and credibility.

B. Respect for the Individual

All employees deserve a workplace where they are treated with dignity and respect. Varda is committed to creating such an environment because it brings out the full potential in every employee, which, in turn, contributes directly to Varda’s success.

Varda is an equal employment employer and is committed to providing a workplace that is free of discrimination of all types and from abusive, offensive or harassing behavior. Any employee who feels harassed or discriminated against should report the incident to his/her manager and/or to co-owners Tony Fong and/or Leonard Wang.

All Varda employees are also expected to support an inclusive workplace by adhering to the following conduct standards:

- Treat others with dignity and respect at all times.
- Address and report inappropriate behavior and comments that are discriminatory, harassing, abusive, offensive or unwelcome.
- Foster teamwork and employee participation, encouraging the representation of different employee perspectives.
- Seek out insights from employees with different experiences, perspectives and backgrounds.
- Support flexible work arrangements for co-workers with different needs, abilities and/or obligations.
- Confront the decisions or behaviors of others that are based on conscious or unconscious biases.
- Be open-minded and listen when given constructive feedback regarding others' perception of your conduct.

Varda will not tolerate discrimination, harassment or any behavior or language that is abusive, offensive or unwelcome.



C. Create a Culture of Open and Honest Communication

At Varda, everyone should feel comfortable to speak his/her mind, particularly with respect to ethics concerns. The Management Team has a responsibility to create an open and supportive environment where employees feel comfortable raising such questions. We all benefit tremendously when employees exercise their power to prevent mistakes or wrongdoing by asking the right questions at the right times.

Varda will investigate all reported instances of questionable or unethical behavior. In every instance where improper behavior is found to have occurred, the company will take appropriate action. Varda will not tolerate retaliation against employees who raise genuine ethics concerns in good faith.

Employees are encouraged, in the first instance, to address such issues with their managers, as most problems can be resolved swiftly. If for any reason that is not possible or if an employee is not comfortable raising the issue with her/his manager, co-owners Tony and Leonard operate with an Open Door Policy.

D. Set Tone at the Top

The Management Team has the added responsibility for demonstrating, through their actions, the importance of this Policy. In any business, ethical behavior does not simply happen; it is the product of clear and direct communication of behavioral expectations, modeled from the top and demonstrated by example. Again, ultimately, our actions are what matters.

To make this Policy work, all managers must be responsible for promptly addressing ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as another encouraged form of business communication. At Varda, we want the ethics dialogue to become a natural part of daily work.

Additionally, all managers should raise these same issues with co-owners Tony and Leonard. Tony and Leonard have an Open Door Policy to address any issues that may arise.

E. Uphold the Law

Varda's commitment to integrity begins with complying with laws, rules and regulations. Further, all employees, especially managers, must have an understanding of the company policies, laws, rules and regulations that apply to each individual's specific roles. If we are unsure of whether a contemplated action is permitted by law or Varda policy, we should seek the advice from co-owners Tony and Leonard and the expert resources Varda will provide. We are responsible for preventing violations of law and for speaking up if we see possible violations.

F. Avoid Conflicts of Interest

All staff must avoid any relationship or activity that might impair, or even appear to impair, our ability to make objective and fair decisions when performing our jobs. At times, we may be faced with situations where the business actions we take on behalf of Varda may conflict with our own personal or family interests. We owe a duty to Varda to advance its legitimate interests when the opportunity to do so arises. We must never use Varda property or information for personal gain or personally take for ourselves any opportunity that is discovered through our position.



G. Set Metrics and Report Results Accurately

1. Accurate Public Disclosures

Varda will ensure that all disclosures made in financial reports, compliance reports, audit reports and public documents are full, fair, accurate, timely and understandable. This obligation applies to all employees with any responsibility for the preparation for such reports, including drafting, reviewing and signing or certifying the information contained therein.

Employees should inform the Management Team if they learn that information in any report, filing or public communication was untrue or misleading at the time it was made or if subsequent information would affect a similar future filing or public communication.

2. Corporate Recordkeeping

Varda creates, retains and disposes of its company records as part of our normal course of business in compliance with all Varda's policies and guidelines, as well as all regulatory and legal requirements.

All corporate records must be true, accurate and complete, and company data must be promptly and accurately entered in our books in accordance with Varda's and other applicable accounting principles.

Employees must not improperly influence, manipulate or mislead any unauthorized audit, nor interfere with any auditor engaged to perform an internal independent audit of Varda's books, records, processes or internal controls.

H. Promote Substance Over Form

At times, we are all faced with decisions we would rather not have to make and issues we would prefer to avoid. Sometimes, we hope that if we avoid confronting a problem, it will simply go away.

At Varda, we must have the courage to tackle the tough decisions and make difficult choices, secure in the knowledge that Varda is committed to doing the right thing. At times this will mean doing more than simply what the law requires. Merely because we can pursue a course of action does not mean we *should* do so.

Although Varda's guiding principles cannot address every issue or provide answers to every dilemma, they can define the spirit in which we intend to do business and should guide us in our daily conduct.

1. Accountability

Each of us is responsible for knowing and adhering to the values and standards set forth in this Policy and other policies, and for raising questions if we are uncertain about company policy. If we are concerned whether the standards are being met or are aware of violations of this Policy, we must contact the Management Team and/or co-owners Tony and Leonard.

Varda takes seriously the standards set forth in this Policy, and violations are cause for disciplinary action up to and including termination of employment.



I. Be Loyal

1. Confidential and Proprietary Information

Integral to Varda's business success is the protection of confidential company information, as well as nonpublic information entrusted to Varda by employees, customers and other business partners. Confidential and proprietary information includes such things as pricing and financial data, customer names/addresses or nonpublic information about other companies, including current or potential supplier and vendors. Varda will not disclose confidential and nonpublic information without a valid business purpose and proper authorization.

2. Use of Company Resources

Company resources, including time, material, equipment and information, are provided for company business use. Employees and those who represent Varda are trusted to behave responsibly and use good judgment to conserve company resources.

Generally, employees may not use company equipment such as computers, copiers, telephones in the conduct of an outside business or in support of any religious, political or other outside daily activity, except for company-requested support to nonprofit organizations. Employees may not solicit contributions nor distribute non-work related materials during work hours.

In order to protect the interests of the Varda's network and our fellow employees, Varda reserves the right to monitor or review all data and information contained on an employee's company-issued computer or electronic device, or the use of the Internet. Varda will not tolerate the use of company resources to create, access, store, print, solicit or send any materials that are harassing, threatening, abusive, sexually explicit or otherwise offensive or inappropriate.

Questions about the proper use of company resources should be directed to a manager.

3. Media Inquiries

From time to time, employees may be approached by reporters and other members of the media. In order to ensure that we speak with one voice and provide accurate information about the company, we should direct all media inquiries to a Varda co-owner. No one may issue a press release without first consulting a co-owner.

J. Do the Right Thing

Several key questions can help identify situations that may be unethical, inappropriate or illegal. Employees should ask themselves:

- Does what I am doing comply with the Varda's mission, culture and values, Employee Handbook, this Policy and other company policies?
- Have I been asked to misrepresent information or deviate from normal procedure?
- Would I feel comfortable describing my decision at a staff meeting?
- How would it look if it made the headlines?
- Am I being loyal to my family, my company and myself?
- Is this the right thing to do?



All employees may seek the advice or consult of a manager or owners of Varda through their Open Door policies.



APPENDIX C



Diversity, Equity and Inclusion



I. MISSION STATEMENT AND CULTURE

A. Mission Statement

Varda's vision is to be Pasadena's most customer-centric cannabis retailer, a wholesome environment where members of the community can comfortably, discreetly and safely enjoy the many proven salutary effects of cannabis.

B. Varda Culture and Values

Varda strives to create a workplace culture focused on customer service, legal and regulatory compliance, ethical practices, equality, diversity and inclusion.

II. DIVERSITY, EQUITY AND INCLUSION

Varda is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion. Varda best serves its customers when we maintain a diverse, equitable and inclusive workplace. We value, and our customers benefit from having, the perspectives of staff with different backgrounds and experiences.

The collective sum of the individual differences, life experiences, knowledge, unique capabilities and customer-focused work ethic that our employees possess and exhibit in the workplace represents a significant part of not only our culture, but our reputation and company's achievement.

Varda embraces and encourages workforce diversity on the basis of age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Varda's diversity initiatives are applicable—but not limited—to our practices and policies on recruitment; compensation and benefits; career development and training; promotions; and social and recreational programs. Varda is committed to the ongoing development of a work environment built on the values of non-discrimination, equality, diversity and inclusion, which encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity.

All employees of Varda have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work. All employees are also required to attend and complete annual diversity awareness with sensitivity training to enhance their knowledge to fulfill this responsibility.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.