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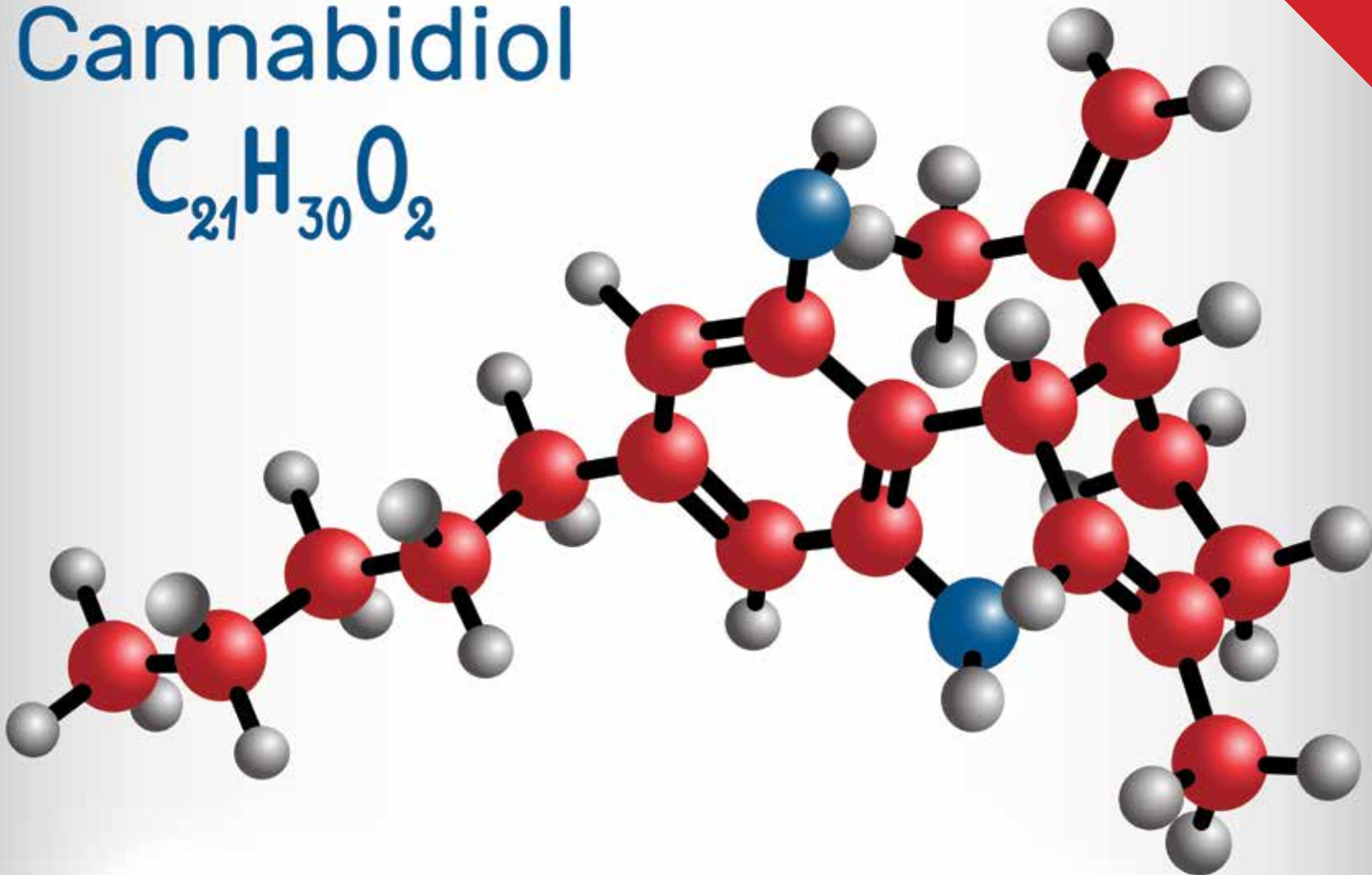
Business Magazine for Canadian Retailers

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Understanding
chemical compounds

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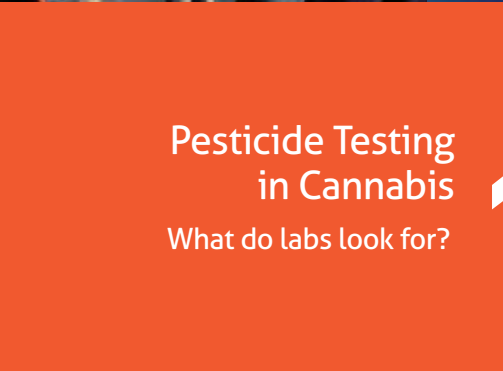


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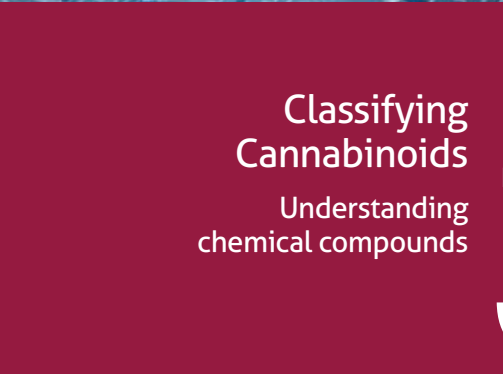
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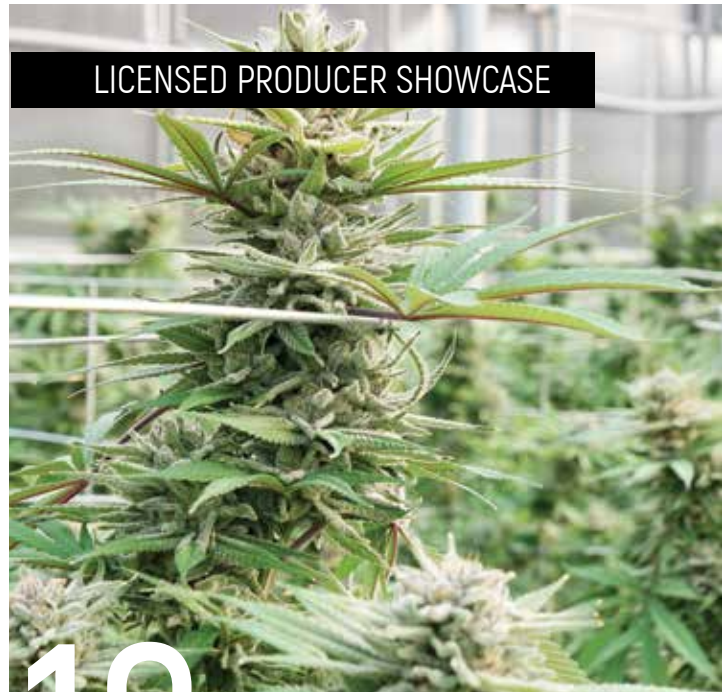
Ensuring Your
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EDITOR'S NOTES

by Mark Glenning

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T 604-574-4577 TF 1-800-667-0955

F 604-574-2196

info@emcmarketing.com

www.emcmarketing.com

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 Cannabis Retailer Canada

So here we are. Embodying its reputation as a world leader, Canada has legalized cannabis for recreational use, and the machinery that has been in flat-out construction for months has sprung into life. Supply chains are in operation, stores have opened for business and shopping websites are now online. Canadians woke up on October 17 to a day that marked a fundamental shift in government policy and a maturation of societal values.

This is just the onset of what is sure to be a major Canadian sector. Though licensed cannabis producers and retailers may heave a collective sigh of relief at the fact that the big day has come and gone, there is still much hard work to be done. The federal, provincial, and municipal legislation that exists right now is a work in progress, and we can expect that it will coalesce into something beyond serviceable in the months and years to come. Take CBD therapies for pets; although popular with dog and cat owners across Canada, many of who would attest to their effectiveness in reducing anxiety in their companion animals, many cautious vets were reluctant to recommend them due to the lack of in-depth studies. However, as we see in this issue, one of the cannabis business's heavyweights has received an official green light to begin clinical trials.

This acquisition of new knowledge will drive the industry forward, and will do much to help skeptics

become more comfortable with this new aspect of daily Canadian life. Retailers will play just as big a part as researchers; not only do we take a deep dive into the classification of cannabinoids and pesticide testing in this issue in order to better prepare you to inform your customers, we also offer some practical advice on how to connect with your community, and establish yourself as an important informational resource for your neighbourhood. This issue also takes a look at the latest research into the possible therapeutic effects of cannabis.

Many employers will also be adjusting to legalization, and "impairment" is a word on the lips of many. We explore how HR departments may wish to incorporate legalization both practically and culturally, but there's a more upbeat element; this exciting new industry will create new jobs for Canadians, and it has already had an impact on the employment landscape.

The mere fact that Canadians are moving on from merely discussing how legalized recreational cannabis will interweave with everyday life, and instead are taking positive action to make it a reality, is a rare one to savour. We at Cannabis Retailer are sure you'll join us in being thrilled by the business opportunities presented to the cannabis community, and intrigued at what the near future holds for suppliers and retailers.



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TVAPE

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Ambition, Innovation and Quality

Nima Noori, CEO of Canada and Germany-based TVAPE, is a man who relishes a challenge. With a background in finance and having achieved the rank of Corporal in the Military Police—not to mention winning several titles as a childhood chess champion in Germany—it's easy to see how he developed the business sense, discipline, and strategic thinking to build TVAPE from the ground up starting with a 2,000 dollar credit card.

Starting the company in 2009, Noori knew straight away how to best serve his customers. He says, "We approach the market very differently. Our competitors are set up as distributors; they have large warehouses, buy in quantity and then push the product out to stores. We're not a classical distributor as we are vertically integrated. From a business plan perspective, you can think of us as having brands that we take from inception all the way to our retail partners, and we support their sales with marketing, training and in-store displays. Since we control the supply chain, we have better business intelligence. The brands and products rise from a need in the marketplace based on our marketing data. We are very brand and technology oriented, rather than being a warehouse operation. We want to be a product innovator, not just a distributor."

TVAPE takes a data-driven approach. It has a marketing positioning map where it views units at different costs, with different feature sets, for different customers. In short, it supplies the best vaporizers in class at each price point. Noori adds, "We consistently survey our customers and share our market knowledge on our blog. Our product reviews are generally among the top ranked by search engines, which is a testament to the insight and influence of our content specialists. We can pinpoint the best in class units that a particular customer may need, depending on their budget."

What's New for 2018

The new Zeus Arc vaporizer is a classic case in point. The elegance of its design goes beyond its smooth lines and compact chassis. Eschewing the trend of adding as many features to a vaporizer as possible, the Zeus Arc takes things back to fundamentals. For example, based on a large-scale survey completed during the development cycle,



the average vaper only uses about two temperature settings. Therefore, The Arc is exceptionally easy to load and features three temperature cycles that extract the entire herb to produce a serious amount of vapour. The Zeus Arc GT features an all-gold vapour path to preserve flavour, and both models feature haptic feedback to signal different interactions between user and device. Powered by a 3,500mAh battery and featuring a discrete form factor, it's the vaporizer that any connoisseur would keep in their pocket when out and about. It will set a new standard in the premium portable vaporizer category.

Just as Noori has roots in his adoptive country of Germany, so does the Zeus Arc. "German engineered" is synonymous with ingenious design, impeccable build quality, and reliable performance. In fact, it's engineered in Germany, a mere 30 minutes away from the headquarters of Porsche, on one of the most desired and respected marques in the world. TVAPE is inspired by this, and Noori says the Zeus Arc "has a 'workhorse' feel, with a huge output in vapour—what we call the 'horsepower' of the unit—and the chassis has a sports car feel. It has automotive DNA. You can look at it and feel the type of spirit that Porsche puts into its cars.

The Zeus Arc is not the only product set to hit the shelves as recreational cannabis

becomes legal. The new Utillian 421 is an upgrade of one of its most popular vaporizers, the 420. It features six temperature settings, an OLED display, improved heat insulation, longer battery life, and a restrictor that allows you to precisely adjust the airflow to your liking.

How does TVAPE ensure the quality of its vaporizers? "We have engineers in house, so we take apart every unit to check for safety and quality," Noori explains. They take the time to disassemble their products and examine them in granular detail, such as what materials they're made from, their heat resistance, and how well they're constructed, in order to ensure they meet the company's standards of quality.

The Ethos of TVAPE

Noori has been driven by personal passions, but how do they translate to the company's ethos? What standards does he set, and how does his team go about achieving them?

He notes, "We have two internal mantras that fit into our culture. The first is 'Happy Employees, Happy Customers'. If somebody is unhappy doing a job they don't like or that they're not meant for, you can't expect them to make the customer happy." This is why Noori takes great care in matching the right employee to the right job.

He adds, "The second mantra is 'Success is by your Side when you Enjoy the Ride'. It's unreasonable to expect someone to put time and energy into a job if they're not having fun. If things can be fun, even if they move a little away from the core project, we'll give people that opportunity because we'll get much further with the people who are driving the project."

It's an approach that has worked spectacularly for the company. Of the top ten licensed producers in Canada, TVAPE supplies seven, and the relationship it formed with its first ever LP is still going strong. It's a potent mix of Canadian entrepreneurship and Noori's German sensibilities towards business and quality assurance. He says, "Germans say that 'long-term relationships are critical in business, and abide by the 'do it right, do it once' ethos. That's fundamental to TVAPE."

If there was one word to sum up TVAPE's approach to quality and craftsmanship, it would be "ehrgreiz"; translated from German, it means ambition, with a sense of honour in staying true to one's positive reputation. Like the company's products, it takes a sophisticated concept of quality, performance, and reliability, and represents it elegantly.

For more information, visit TVAPE.ca





Connecting with Your Community

by Mel Priestley

The opening of a new cannabis store is an exciting time for a community, but it can also be a time of apprehension and uncertainty. Retailers have a huge opportunity in this brand new industry, but they also have the burden of demystifying and destigmatizing cannabis, and finding healthy and prosperous ways to engage and connect with their communities. There are several approaches that stores can take to do this: educating their staff, customers, and the general public, hosting events, business networking, and community outreach.

Education

Education is a critical component of the cannabis industry. Staff must be knowledgeable and able to provide accurate and useful information to customers, consumers must learn how to navigate the industry to meet their particular needs, and the community as a whole needs to be educated about cannabis in order to dispel false stereotypes and misconceptions.

Education will be a primary focus for Meta

Cannabis Supply Co., the recreational branch of National Access Cannabis (NAC). Matt Ryan, VP of Marketing for NAC, says the company's goal is to open 50 to 70 locations across the country in 2018. In addition to training staff, Meta plans to offer plenty of educational opportunities to customers and anyone else in the community who is interested, through in-store events as well as their website and newsletter.

"There's certainly a stigma around cannabis that we want to erase as soon as possible," Ryan says. "We plan on doing events that are Cannabis 101 and teaching people about the basics. We have a lot to communicate to the public and to our community, and if we don't do it, we're not really doing our job. A few of those things are about harm reduction, safe use, and not getting behind the wheel after using cannabis."

Events

Health Canada set forth restrictions on cannabis advertising and promotion under the *Cannabis Act (Bill C-45)*, so cannabis

retailers don't have a lot of options when it comes to external events. The Act forbids any mass advertising or promotion of cannabis products as well as corporate sponsorships of events and other activities.

Therefore, retailers will have to host their events in-store. This allows them to control the environment and ensure that all attendees are properly age verified. It also gives the store promotional freedom.

Meta stores plans to offer events and programming at a higher level for people who want to continue building their knowledge and remain up-to-date with industry changes, developments, and innovations. Ryan says this will occur through a mix of in-store events as well as through Meta's digital platform, which is an age-gated website, newsletters, and other online content.

"We want to offer programming in our stores and online that goes beyond the basics," he explains. "When we are marketing to the masses who are of legal age, it becomes very important to distinguish different

types of activities and programming, and communicate those to the right people. A millennial is not going to want the same sort of education and information that a senior's going to want."

Business Networking

There are many opportunities for fruitful business relationships between cannabis retailers and other businesses and services in a community. Retailers have a great opportunity to reach out to them to demonstrate this, and to prove that a cannabis store is a healthy part of a business community. This can be accomplished



Courtesy of National Access

We're looking at ways to host meetings with the community.

through in-store business networking, which can involve inviting area businesses to see the space and talk about how they can work

together. "We're looking at ways to host meetings with the community for them to come in and ask those questions, and for us

to present to them," Ryan says. "They can come in and see that the environment is safe and responsible, and get a sense of what is being offered there." You can also reach out to business networks and associations in your neighbourhood, attend meetings, or join local service clubs or Chambers of Commerce.



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Community Outreach

Some people may be nervous or apprehensive about a cannabis store opening in their community, possibly due to the negative image and stigma created by grey-market dispensaries and clinics prior to legalization. Legal cannabis retailers therefore have to take extra steps to ensure that they are

not just tolerated, but welcomed and even celebrated in their communities.

The physical appearance and operation of stores will be the first step to alleviate these fears. "When people come into a Meta store, they're going to see something that mimics more of a jewelry store meets a high-end

bakery," Ryan describes.

"The community isn't just consumers," Ryan says. "It's the businesses in the area as well. Some of those businesses will be complementary to us and welcome us, and for those that want to work with us or have questions about our business, we want to be able to adhere to that."

Be Cautious

As we're in the early days of legalization, being a licensed retailer can be fraught with worries about breaking regulations. It can be difficult; people may be interested in the possible medical benefits, but you can't discuss this. Outreach efforts should be confined to lifestyle or educational events. Before embarking on any type of community outreach, it's a good idea to make sure you're covered. This means doing a lot of homework on what your municipality allows, or seeking guidance from a lawyer or consultant. ▲

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RESEARCH

by Mark Glening

Cannabinoids: A Treatment For PTSD?

Post-traumatic stress disorder (PTSD) can be defined as an entirely natural, emotional response to a frightening or dangerous experience that involves actual or threatened harm to oneself or others. Even though the situation itself may have passed, for sufferers, the thoughts or memories of such events deeply affect their lives. The symptoms are wide ranging, and include:

- Re-living the event over and over
- Recurring nightmares
- Anxiety
- Sleep deprivation
- Getting angry easily

The effects may not emerge for years, which makes it's a difficult illness to diagnose and treat. However, we may be on the verge of a breakthrough thanks to a study headed up by University of British Columbia (UBC) scientist Dr. Zach Walsh.

An Associate Professor in UBC's Department of Psychology, Dr. Walsh received a Ph.D. in Clinical Psychology from the Chicago Medical School/Rosalind Franklin University. He's a registered clinical psychologist and his research is backed by the Canadian Institute of Health Research, the Social Sciences and Humanities Research Council, Health Canada, BC Interior Health Authority, and the American Psychological Association. In addition to this, he sits on the board of the Multidisciplinary Association for Psychedelic Studies (MAPS).

Testing Beyond the Lab

Dr. Walsh is carrying out a study on the efficacy of vaporized cannabis in combatting treatment-resistant PTSD. Sponsored by Tilray, the triple-blind study is measuring the effects of varying potencies of cannabis on 42 participants. Speaking exclusively to *Cannabis Retailer*, Dr. Walsh expanded on the methods used in the trial.

He says, "It's a crossover design so we're testing two different strains of cannabis as

well as a placebo condition. It's an ad-lib protocol so people can take the cannabis home and use it as they like. We also provide them with a vaporizer to use. It's one of the first studies to look at whole plant vaporized cannabis, which is one of the things I'm excited about. It's that naturalistic element. Instead of bringing people into the lab and giving them cannabis and testing it right away, we're just looking at how people are responding in an environment similar to what many medical cannabis users would be doing, which is vaporizing whole plant. Another thing that we think is interesting about the study is that we're comparing THC-dominant to balanced THC/CBD strains of cannabis, which is also something that I know cannabis users and producers are interested in, but that hasn't been done a whole lot in the empirical literature."

According to Dr. Walsh, there is some scientific evidence that there are differences in the brains of people who do and don't have PTSD, so there is some application that the endocannabinoid system is involved in the pathology of the illness. This is backed up by some animal studies that suggest that fear alerting and the maintenance of fearful responses can be impacted by cannabinoids.



Why is There a Need for a Study?

Dr. Walsh cites a study that scrutinized the endocannabinoid levels of survivors of the September 11 terrorist attacks in the US. He says, "They found differences in the circulating levels of endocannabinoids, suggesting that those levels can be protective of determining who develops PTSD. An area of interest for researchers is what differentiates those who do and don't develop the symptoms after being exposed to traumatic events, and it looks like the differences in the endocannabinoid system might be part of that puzzle. So, can we intervene at the level of the endocannabinoid

system to address trauma? It becomes the interesting next question."

As the study is ongoing, Dr. Walsh can't discuss findings quite yet, but he has heard of people reporting good effects in the suppression of nightmares and improvement of sleep. "There's been a study amongst prisoners, as there are high levels of PTSD in incarcerated populations. It found good results of people improving their sleep, improving quality of life, and reducing nightmares by using cannabis", he reports.

Dr. Walsh thinks that this may be one of the mechanisms where cannabis could help with PTSD, and as it may have an anti-anxiety effect, it could make people less reactive to stress during the day. These two improvements can go a long way to getting sufferers on a good footing, especially when used with some other therapies.

Will Legalization Help?

The legalization of recreational cannabis could help the study along. Dr. Walsh talks of how there is duplication and added complexity with regards to securely storing and accounting for the cannabis used, but this may become more streamlined after October 17. It also means having easier access to good quality cannabis through a licensed producer. One of the biggest areas of change could be the number of funding bodies that step forward. He explains, "Legalization has reduced a lot of the stigma and increased interest [in researching cannabis]. It seems to be creeping up on the list of priorities for funding agencies, so I think this will make it easier to conduct research."

Although the signs are positive, we will have a better idea when Dr. Walsh's study is completed next year and the results are published. Looking beyond this, is it possible that certain cannabinoids can be used as a prophylactic against PTSD? In other words, will we be able to pre-treat the illness? Sadly, we're nowhere near that answer, but Dr. Walsh is hopeful, and says, "We need to see where the research leads. How do we refine the medicines and whom do they work for? These are questions being actively investigated. There's so much to do and after being in the prohibition system so long, the research will start catching up. We've really been following the leads of patients for a long time and if we continue to do that we'll continue to refine our understanding and get to know just what this plant can do. I'm looking forward to the coming decades as we uncover some of the mysteries of the interaction between humans and cannabis."

RESPECT THE PLANT

7ACRES

The cannabis plant has been loved, respected, and revered for millennia. Now—with a century of prohibition coming to an end this October—adult cannabis enthusiasts are once again able to legally consume high-end cannabis. And the market is more discerning than ever.

Respect The Plant is a central belief of 7ACRES, an Ontario-based licensed producer that is a wholly owned subsidiary of The Supreme Cannabis Company, which trades on the TSX-V as FIRE.

Located in Kincardine, northeast of Toronto and close to the shores of Lake Huron, 7ACRES produces high-end cannabis on a large scale—a craft concept that can meet the demands of this enthusiastic market of cannabis connoisseurs. With a very high people-to-plant ratio, incredible attention to detail, and a respect for the plant borne of love and care, 7ACRES creates a curated product that stands out as a truly exceptional offering in the market.

Discerning Customers

In August, during a press conference to announce Ontario's plans for private retail Minister of Finance Vic Fedeli validated the company's nationwide focus group findings: 80% of the cannabis in Canada is consumed by only 20% of cannabis consumers, indicating a very discerning base of loyal customers-to-be. "Consumers and patients are quality sensitive, undoubtedly. I have seen over a decade's worth of patient and sales data that speak to this fact," says 7ACRES Director of Product Development, Peter Shearer. "The market has set a quality precedent that is quite simple to adhere to for small batch producers but is much harder to do at scale. This is why 7ACRES has been truly unique since its inception. The schematics for our facility, the care in which we have developed our Standard Operating Procedures (SOPs) across all production touchpoints (cultivation, drying, curing,

and finishing) have been designed to translate the respect and care for the plant you find in craft grows, done at a level that guarantees significant outputs of high-end, aromatic cannabis that cannot be matched by any other cultivator of our size."

Respect The Plant

Everything that 7ACRES does goes back to the idea of respecting the plant—starting with carefully selecting the best genetics from large seed lots that achieve the truest expression of the plant, in terms of aroma and flavour. Seed selection is performed by tastemakers, in collaboration with consumer-advisors, to ensure that they are sourcing the most desirable cultivars.

7ACRES' cannabis plants are raised at an indoor-style facility using a combination of state-of-the-art growing techniques and industry-proven staples



such as High Pressure Sodium (HPS) lighting and an advanced supplemental sunlight system that creates a unique finished flower. The 7ACRES facility design allows an improvement on standard indoor-grown cannabis by providing controlled measures of natural light. The full spectrum sunlight bathes each plant in far-red, infrared, and UV light, creating a specialized lighting spectrum that strengthens the aroma, look, and feel of the finished flower.

In wine production, intensity and flavour are improved by reducing the number of bunches per vine, focusing energy on the remaining grapes, which improves the quality of the yield. Similarly, 7ACRES employs Active Plant Management, using macro-adjustments to reduce the number of flowers produced per plant, and micro-adjustments to ensure consistency.

Whole-Plant Curing

After five years of research and development, 7ACRES has also created a proprietary whole-plant curing program. The curing process allows the flower's moisture content to come to a proper balance which intensifies the aroma, enriches the transfer of aroma to flavour, and solidifies the structure of each flower. The whole-plant methodology allows for a slow drying process, which

improves the overall aroma and flavour profile of the dried cannabis flower.

Once the extended curing process is complete, each plant is polished by hand, for perfectly manicured flower, free of extraneous leaf and stem, which improves its aroma and visual appeal. The result is a more enjoyable, consistent, and flavourful experience for cannabis enthusiasts.

Outside of the high-quality production process, respecting the plant also means respecting the original community of people who, for decades, have risked their freedom to advance the quality, legality, and public perception of cannabis. Additionally, it means respecting the regulators, retail partners, and competitors alike to ensure that the public perception of legal cannabis is a positive one.

The future is bright for high-end cannabis. Recently, 7ACRES added approximately 30,000 sq. ft. of additional flowering rooms to double their estimated annual production from 5,000kg to 10,000kg. Total completion of growing rooms at the 342,000 sq. ft. 7ACRES facility is on schedule for completion in December 2018.

With multiple high-end provincial cannabis supply agreements confirmed in some of Canada's biggest markets (ON, BC and AB to name three), 7ACRES' Respect for The Plant has put them at the top of the premium product market.

For more information, visit www.7ACRES.com.



Pesticide Testing in Cannabis

by Emily Kirkham | photos Courtesy of CARO

Your customers want to be sure that the cannabis you sell has been tested by an accredited laboratory and is safe to consume.

When cannabis is produced on a large scale, routine testing on each batch and lot is needed prior to sale. Here's some insight into the testing for pesticides.

What is a Pesticide?

One aspect of product safety, whether for food or cannabis, is the presence of pesticides. The word "pesticide" has long been associated with damaging and negative connotations. However, by definition, pesticides are not inherently negative. Technically they are defined as chemical or biological compounds that will deter, disable, or otherwise discourage pests such as insects and weeds. Our Canadian food industry has a wide application of many pesticides, which are closely regulated by the Canadian Food Inspection Agency. Many foods may contain small amounts of pesticide residues but are considered

safe for consumption. However, there is little research on the safety of certain pesticides when incinerated and inhaled, as with cannabis smoking.

There are, however, hundreds of chemically synthesized pesticides that could be used in cannabis production. One such example is myclobutanil, a fungicide used

There are hundreds of chemically synthesized pesticides that could be used in cannabis production.

It is likely due to these concerns that Canada's regulators have taken the precautionary approach to pesticide use on cannabis. Under the Access to Cannabis for Medical Purposes Regulations (ACMPR), medical cannabis cannot be treated before, during, or after the drying process with a pest control product that has not been registered under the Pest Control Products Act for use on cannabis. Currently there is a list of 22 compounds that are allowed, most of which are potassium salts and food products like garlic salts and mineral oil. None of these products have limits set by Health Canada, and therefore would not be subject to analytical lab testing.

to treat powdery mildew, which was found in product from a few Canadian licensed producers back in 2017, resulting in major recalls. The number and diversity of available pesticides creates a challenge for testing facilities and regulators who monitor the product. Laboratories need to know what pesticides they should be looking for in the product, especially if they are very toxic. The regulators (Health Canada, EPA, etc) will come up with a list that will apply specifically to cannabis, but unfortunately this list will change constantly, as more new pesticides are developed and brought into use. Currently there is a drafted list of 95 pesticides with their maximum residue

limits for dried, fresh flower, and cannabis oil, which may be tested for under the Cannabis Act after October 17th, 2018.

What's the Maximum Limit for a Pesticide?

Maximum residue limits are determined from research into the health effects of pesticide exposure. A low-level exposure to a very toxic pesticide may be more dangerous than a high exposure to a relatively low toxicity pesticide. Every pesticide that comes onto the market for use is assessed for toxicity by governing bodies (EPA, Health Canada), and will be registered for use only if the estimated exposure raises no concerns. However, as cannabis is typically consumed in a unique manner, relative to food or other products, this exposure pathway as well as possible interactions with immunocompromised patients has not been comprehensively researched.

Many people wonder why there is a limit for each pesticide. Why wouldn't it just be zero? Unfortunately, in analytical chemistry there is no such thing as zero. Every instrument and technique will have a limit below which it will not be able to determine if something is there or if it is just noise or background. The other issue is that pesticides are unfortunately extremely ubiquitous. The food industry has been utilizing a wide range of pesticides for decades, and many of these are still in our water, soil, and buildings around us. The more sensitive our instruments become at detecting compounds, the more of these background long-life pesticides will be found.



Chromatography and Spectrometry

The instruments and techniques used to analyze for pesticides is another topic with wide debate. In legal cannabis jurisdictions, such as California and Oregon, detailed lists of pesticides have been available for some time, and this has allowed instrument manufacturers and researchers to develop methods to support these regulations. (At the time of writing this article, no such methods were available for the Canadian list.)

By and large, if you want to analyze for pesticides, you are going to need mass

spectrometry. Depending on the type of pesticides, this will either be liquid chromatography mass spectrometry or gas chromatography mass spectrometry. The chromatography part of the instrumentation is what enables the chemical extract to be separated down to the individual pesticides (should they be present). The "mass spec" (as the spectrometer is colloquially called) essentially breaks the compound apart into mass fragments that can be traced back to identify the compound or pesticides in the chemical extract.

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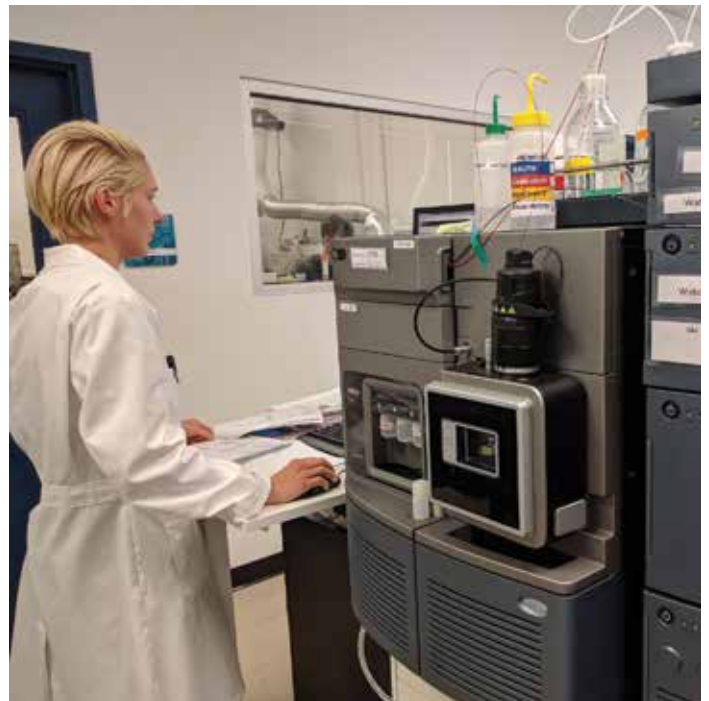
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Most mass spectrometrists curse the day the cannabis extract first came into their lab with a pesticide analysis request. It is the most complicated extract out there. The reason is all those wonderful cannabinoids and terpenes that make this cannabis plant so valuable.

It is paramount that cannabis be routinely analyzed for pesticide content.

These compounds create matrix effects that wreak havoc on testing instruments. Pesticide analysis is essential, so to do it right you not only need one mass spec, but two in each instrument! One mass spec is required to filter out the background matrix, with an additional one to analyze and generate quantifiable results for each pesticide of interest.

As Canada enters into a new era of legalization, there still exists a struggle for legitimacy. It is hard to say what the future will hold, as it is possible the prohibition of pesticide use on cannabis in Canada may not last forever. Either way, it is paramount that cannabis be routinely analyzed for pesticide content at an accredited laboratory before any batch or lot is sold. ▀

Emily Kirkham is CARO Analytical Services' Technical Manager and leader of CARO's Cannabis Testing Division. She is passionate about the analytical testing business, public health and safety, and channeling that passion into building a world class cannabis testing division in support of the legal cannabis market.



TRENDS

Will Legal Cannabis Impact Alcohol Sales?

by Mark Glenny

In August, multinational brewing giant Molson Coors announced that it was partnering with one of Quebec's premier cannabis companies, Hexo, a sister brand of medical cannabis company Hydrothecary, to develop cannabis-infused beverages, even though such drinks are not legal in Canada. The pair will form a separate business entity with its own board and independent management, with Molson Coors controlling 57.5% of the as-yet unnamed venture, and Hexo owning the remainder.

It's not the only alcohol company to make a move on Canadian cannabis. In May of this year, Aphria Inc. announced a deal that will see Southern Glazer's Wine & Spirits become its sole distributor of recreational cannabis in Canada. Other companies have inked deals with the alcohol industry. Aurora Cannabis announced in February that it would purchase a 20% stake in Liquor Stores N.A. Ltd., which has since changed its name to Alcanna Inc. to reflect its new cannabis division. Canopy Growth Corp. recently reached a deal that saw Constellation Brands invest \$245 million in return for a 10% stake.

Are these companies just doing good business, or are these partnerships indicative of the anticipated impact that legal recreational cannabis could have on alcohol sales?

Finding Clues in Medicinal Sales

A joint study conducted by researchers at the University of Connecticut, Georgia State University, and Universidad del Pacifico, Lima claims that an overall reduction in the use of alcohol across the US seems

directly related to the increasing number of states that have legalized cannabis for medicinal use. The research used the sales data gathered from 90 alcohol chain stores using the Nielsen Retail Scanner for the period 2006 – 2015. The reason for this was the integrity of the data; researchers Michele Baggio, Alberto Chong, and Sungoh Kwon took this approach because they believed consumers didn't supply reliable information about their personal alcohol consumption habits.

Alcohol sales in states that do not have medical marijuana were compared to those that do, both before and after the laws were implemented. The research also accounted for demographics and income, as these have a measurable impact on consumption rates.

Over the period studied, overall alcohol sales in medical marijuana states showed a 15% reduction per month. Breaking this figure down shows that:

- Beer sales were down 13.8%
- Wine sales were down 16.2%

The influence on spirit sales was excluded from the study, due to the limited data provided by the Nielsen Scanner, but the authors found results comparable to other types of alcohol.

The conclusion of the study was that cannabis and alcohol are substitutes for each other. They appeal to very similar markets, therefore legal cannabis could well have a negative effect on beer, wine, and spirit sales.

A Groundbreaking Moment in Colorado

In 2017, three years since it became the very first US state to legalize recreational use, the municipality of Aspen saw sales of cannabis eclipse those of alcohol. Licensed cannabis retailers earned an income of \$11.3 million USD compared to \$10.5 million USD in sales of beer, wine and liquor.

An end-of-year sales tax report from Aspen's Finance Director, Don Taylor, showed that although retail sales for 2017 were down by 1%, sales of cannabis increased by 16%. In comparison, December's year-to-date sales for liquor showed that although it had not decreased, it had not increased.

CIBC Speculates Cannabis Sales could Surpass Spirits

Can this trend be a sign of things to come in Canada? It could, according to the Canadian Imperial Bank of Commerce (CIBC). It forecasts that legal recreational cannabis sales could hit \$6.5 billion in 2020, which would surpass the \$5.1 billion that Canadians spent on spirits in 2017. It would also take a serious chunk out of the \$7 billion we spent on wine.

The big winners will be the provinces. CIBC estimates that the industry will generate \$3 billion for their war chests, which accounts for 70% of industry profits. In contrast, private companies will accrue nearly \$1 billion in earnings before interest, depreciation, and amortization.

CIBC's calculation is based on some big assumptions, however. Statistics Canada estimates that 733,000 kilograms of cannabis was sold on the black market in 2017, and the figures are based on the expectations that this figure will hit 800,000 kilograms, and that the legal market will be able to capture a majority share of cannabis consumers within a relatively short period of time.

Statistics Canada noted that roughly 5 million Canadians used cannabis in 2017; this is at a time when recreational use was still illegal. It also shows that consumption has grown at a consistent 5% per year since the 1960s.

Price Will Be a Deciding Factor

The signs point to the Canadian cannabis industry making a huge impact on alcohol sales, but as the CIBC points out, the price could be a major deciding factor. Should licensed retailers think that \$20 per gram is feasible, they may find that customers are reluctant to pay such a price, and will continue to source product from the black market.

It's tough to say exactly how much legal recreational cannabis will cost Canadians; as a range of studies have found, there are many determining factors. An increase in supply can be associated with a drop in price as well as more competition in the market, but at this early stage, it's hard to estimate the demand for premium or craft cannabis, which would sell at a higher price point.

In the year following legalization, we may well see more alcohol companies join forces with the new cannabis kids on the block, instead of being forced off their turf.



LICENSED PRODUCER SHOWCASE

Tantalus

by Mark Glenny

Tantalus Labs was founded in 2012, and right from the start, set itself very high goals. Its ethos as a company is to advance the cannabis industry using “first principles reasoning”, or using basic assumptions that cannot be deduced any further. As Elon Musk says, it’s a way of “thinking like a scientist”.

And scientists they are. Large-scale grow operations have traditionally been housed in closed rooms with artificial sunlight generated by lamps. Tantalus notes that around 1% of energy generated in North America is used by indoor cannabis producers, and sees this as an unnecessary drain on resources. With this in mind, Tantalus tasked its team of scientists, designers, and engineers to create a new growing facility. Fast forward five years, and Tantalus was named Most Promising Licensed Producer at the Canadian Cannabis Awards in 2017. How did the company achieve this?

Here Comes the SunLab

With the aim of growing cannabis using natural sunlight, the company built a state-of-the-art growing facility in BC called SunLab. The 120,000 sq. ft. operation has the capacity to grow 10,000 kg of cannabis per year, with the greenhouse towering at 7.3m, allowing long, flowering plants to fully reach their potential height. It’s more than just a greenhouse to replicate the natural environment in which the plant thrives; it also seeks to improve on this, and use technology to create ideal growing conditions. In this technologically controlled environment, up to 30 different growth parameters are carefully monitored and adjusted, including humidity, temperature, soil pH, and the provision of nutrients to the plants.

SunLab certainly delivers on the company’s aims to reduce its energy footprint. Compared to traditional indoor cultivation, its demand for electricity is reduced by up to 90%. This is just one statistic that Dan Sutton, Founder and Managing Director of Tantalus Labs, is rightly proud of. A Vancouver native, Sutton has worked in the highly technical fields of magnetism and nuclear fuel, is a TED speaker, and was named one of the Top 40 Under 40 Rising Stars of Cannabis in 2016 by *Marijuana Venture Magazine*.

Sutton points to the other production technologies such as

irrigation, that are being employed not only in the name of environmental stewardship, but also to grow very high quality cannabis. He says, “Our irrigation comes from recaptured rainwater, which we then run through a series of filters, such as sand, and a reverse osmosis process that allows us to deliver a pure level of water quality to our crop. We’ve been using those drip lines with nutrients in a process called fertigation, which allows us to know and understand what nutrients and water the plant has gotten in each stage of its life cycle. We take a ton of data on that information as well as a variety of other environmental factors and conditions, so we’re getting a really quantified understanding of what kind of environments make for successful crop outcomes. It’s that scientifically literate and engineering-oriented approach that will allow us to get better for years to come.”

In fact, SunLab has 5.3 million litres of rainwater storage, which is enough to fill an Olympic-sized swimming pool twice over.

Pest Practices

Creating an environment for growing cannabis that uses natural methods brings a host of problems, including pests. The mere mention of spider mites, whiteflies or leaf miners are enough to strike terror into the heart of any producer, but with strict regulations governing the use of pesticides, not to mention the consumer appetite for pesticide-free product, how has Tantalus overcome the problem? Sutton and his team decided to fight fire with fire. He says, “[Not using pesticides] is really a huge piece of regulatory progress that we have endorsed, and Tantalus has taken some interesting approaches as to how to have consistency in our yields and crop outcomes while maintaining a healthy environment without the use of remediation that is traditionally widespread in the black market.”

“For our facility to meet regulations, we had to be completely pesticide free, so that requires that we use special methods to control our relatively natural-style greenhouse, including the use of predatory insects. We have thirteen different species of insects in our facility intentionally. They don’t eat the cannabis plant, but they eat pests that do.”



Instead of creating a hyper-sterile environment like a pharmaceutical cleaning room, the environment at SunLab is more of a biome, which is a naturally occurring community of flora and fauna. With help from the team, its environment is hospitable to the cannabis plants while being inhospitable to the insects that would harm them. Air circulation is another weapon against pests; the air in SunLab is cycled every seven minutes, which not only reduces the risks of pest attacks, but also reduces the chances of mould developing. Sutton explains, "It allows us to validate with lab testing that every crop we produce is absent of mold as well as pesticides. It's a pretty difficult agricultural paradigm to solve."

The Dilemma of Organic Growth

Organic cannabis growers are fascinating people. They all have their own techniques and tools to produce the perfect crop. It's easy to see how scaling the production up to a commercial level while retaining the ethos would present some serious technological challenges. How did Tantalus tackle these issues? Sutton reveals that the company started from scratch. He says, "One of the core differentiating factors for us is that we started with operational processes. We invented them and iterated them, and they have evolved a lot since their inception, but then we built the infrastructure around them. We really got to build the facility our team dreamed of. We didn't cut corners or adapt any existing infrastructure, we started afresh relying on engineer thinking to scale production."

Tantalus thinks that greenhouses not only deliver the ideal conditions for cultivating cannabis, they will push the envelope of the quality that consumers can expect. In fact, Sutton predicts that the best quality cannabis to be found anywhere will be grown in greenhouses within the next five years, and his company is at the

forefront of this with its breeding program. Taking the essential compound data from within several examples of a particular strain, the team cross-references it with its expectations of what good cannabis should be, including potency and robustness.



Making its History Now

BC has a colourful cannabis past. Tantalus is a company that appreciates this, and is ready to write its own chapter in this story. Sutton is respectful of the cannabis community that has blazed a trail over the years. He says, "Tantalus is standing on the shoulders of giants. There have been untold numbers of court cases and years of suffering from people who

tackled prohibition to give us this opportunity and give us this responsibility. We have to carry the torch in a war that is respectful and honourable, and complies with our high ethical standards."

"Building from that promise... if we can deliver consistently over time, in a way that honours their perception of what BC cannabis is all about, it's something that will open up opportunities for diversification. We need to use it to touch all different kinds of people in different walks of life. That to me is the most exciting thing. I want people who might feel that cannabis is somewhat unapproachable right now to enjoy the experience." ▀



An Innovative Leader in CBD

October 17th, 2018 will go down in history as the day that non-medical cannabis becomes legal across Canada. For Canadian CBD-focused company MediGreen, it's going to be an exciting time as the second most prominent cannabinoid found naturally in cannabis and hemp plants is set to be the main topic of conversation amongst savvy retailers and consumers.

Already getting recognition from international organizations, CBD is globally gaining a reputation as a product that offers all of the therapeutic benefits of cannabis, without the intoxicating effects of THC. Recently, the United Nations' World Health Organization concluded that: "Initial evidence from animal and human studies shows that its use could have some therapeutic value for seizures due to epilepsy and related conditions." Elsewhere, the World Anti-Doping Agency made an exception for Cannabidiol (CBD) to allow athletes to use it as a natural health product.

MediGreen's CEO Soheil Samimi is hopeful that this approach to CBD will see it reclassified as a natural health food product that will enable health-

conscious consumers to choose from the wide range of CBD-based products available, from non-intoxicating teas and energy bars, to oral sprays, classic vape concentrates and oils. As the market leader in THC-free, CBD-based products, MediGreen has the expert knowledge to help retailers select the best range of products for their customers.

MediGreen's organic mindset, holistic values, and ethical philosophy is reflected in several new additions to their extensive product range; working with other Canadian-based companies to source innovative CBD-rich products to feed the growing demand for non-intoxicating cannabis products.

Plant-based medicines containing phytocannabinoids are attracting more attention as the legalization of non-medical cannabis opens up a whole new market of cannabis-curious consumers. As of October 17th, CBD will be regulated under the *Cannabis Act* but as it is increasingly accepted into the public consciousness and becomes the topic of interest in health magazines and other mainstream media, there's an expectation to start

seeing it classed as a natural health product that would be regulated by the *Food and Drugs Act*. "Reclassifying CBD as a natural health product would mean we could start to see it on the shelves of supermarkets, pharmacies and stores amongst other plant-based medicines such as vitamins and supplements," says Samimi.

MediGreen's focus has always been on creating and curating the highest-quality CBD-based products. "As a central distributor and manufacturer, MediGreen is a one-stop-shop for the largest range of THC-free, CBD-based products," explains Samimi. He predicts that new launches will follow three main trends for fall, building on popular product concepts and creating new categories.

Three CBD Product Trends for the Fall

Samimi believes that new and existing products will benefit from the addition of phytocannabinoids, such as CBD, as well as technological advances that make it even easier for consumers to experience the products to their full advantage.

Cannabinoid-infused Cosmetics

Samimi predicts that there will be an increase in infusing existing cosmetic products with phytocannabinoids. Rather than a totally new concept, these products will take an already effective treatment and enhance it further with the therapeutic aspects of cannabidiol, allowing plant-based medicines to provide holistic help for medical and non-medical consumers looking for a particular outcome. "For example, a company might take a topical cream for psoriasis and infuse it with CBD to better help with the treatment of skin conditions," Samimi describes. "We're going to see more products that people are already using, but they will have the added benefit of phytocannabinoids as well."

Nano Technology

Nano technology is another area where Samimi sees the potential for innovation. Nano technology, as the name suggests, involves the break-down of molecules into nano size along with micro-encapsulation of cannabinoids to create products that are easily absorbed into the body and have more bioavailability. "Cannabinoids are poorly water soluble," he explains. "Utilizing nano technology is a stable and fast-acting way to micro-encapsulate these molecules at a level that



makes it easier for them to be absorbed into the body.” CBD usually has to go through the digestive process before reaching the bloodstream and, as the human body is predominantly water, this can lead to a smaller percentage of cannabinoids being available for the body to use.

MediGreen’s new product range includes oral sprays under the brand “Nano Sprae” from Vancouver-based Activated Nano; a privately-held company with a mission to provide solutions to create advanced medicines from drug substances with poor water solubility to help patients and consumers enhance their quality of life. Activated Nano’s state-of-the-art formulations improve the water compatibility of plant oil-based substances. Applying nano-particle manufacturing technologies and pharmaceutical

development expertise, Nano Sprae enables consumers to optimize their cannabis consumption in a convenient spray format. Pleasantly menthol flavoured, the 30ml ‘Vitality’ spray features 300mg of nano CBD, which is more potent per mg than regular CBD. Used sublingually, the spray takes only a few minutes to begin working and the precise delivery makes it ideal for consumers looking for a reliable micro-dosing option.

Adaptogenic Herbs

The third trend is the combination of cannabinoids with other adaptogenic herbs, which are plants with properties that exert a normalizing influence on the body. CBD is prized for its ability to return the body

to a state of homeostasis. “For example, it makes sense that a product designed to help people sleep, would feature ingredients such as valerian root, passion flower, and also CBD as a complementary element,” says Samimi.

MediGreen’s new product range includes powerful adaptogenic herbs in organic super oils from Rarefied, which offers high quality craft production. Options include full spectrum 1000mg CBD oil, which comes in a base of raw organic unrefined hemp seed oil, olive oil, full spectrum hemp oil, Medium Chain Triglycerides (from organic coconuts), and organic terpenes Beta-Caryophyllene and Humulene.

Rarefied’s artisanal enhanced oils are based on powerful phytocannabinoid rich full spectrum hemp oils that give consumers the best of all worlds by combining a daily intake of phytocannabinoids with other superfood oils and adaptogenic herbs. The Energy and Vitality formulation has been designed to naturally increase energy, focus, and vitality and includes superfood oils such as raw, organic avocado oil, pumpkin seed oil, flaxseed oil, black seed oil, chia seed oil, amaranth seed oil, etc. Alongside phytocannabinoids, the formulation also contains organic adaptogenic herbal extracts such as red ginseng, ginkgo, rhodiola, brahmi, suma, and yerba mate.

Rarefied’s Sleep & Relaxation formulation features a similar superfood oil base alongside CBD and other adaptogenic herbal extracts such as chamomile, passion flower, valerian, St. John’s Wort, and California poppy.



rarefied
Artisanal CBD Enhanced Oils

Classic Products still Strong

Outside of the popular oil-based products, vaping is still a classic consumption method that more and more people are opting as a healthier alternative to smoking. MediGreen's new flavoured e-liquid products from Bradley's Brand come in fun flavours and add a cheeky twist to concentrates. Providing an affordable experience for consumers, the flavoured concentrates are available in a 30ml amber glass bottle with strengths of 120mg, 250mg and 500mg—all are THC-free. Flavours include the tropical pineapple and melon of '3 Hour Tour', 'Kentucky Punch' with its sweet apple, watermelon, and strawberry flavours, or 'Creepy Crawler', which is inspired by sour candy worms and starts with a sweet fusion of summer fruits, combined with a jolt of sour lemon that will put a smile on your customer's face. 'Hanky Panky' includes a tangy zip of berries combined with rich, sweet cream; 'Apple Butter Cake' has notes of cinnamon and apple pie, and 'Rep the LPC' features a lemon glaze and sweet pound cake flavour.

Edible Options

The future is looking bright for CBD, as oils and capsules will be legal in October, with concentrates and edibles expected to follow closely behind within the next year. MediGreen's new range of vape concentrates, energy bars, sprays, and oils will soon be joined by infused-beverages such as tea.

"We're working with Garden To Cup Organics that has been the most awarded tea company in the world for the past three years, to create CBD-infused tea formulations," reports Samimi. "Again, it makes sense to take something such as a digestive tea, containing various functional medicinal herbal blends, and blend it with cannabinoids to create an even better synergistic effect."

Private Labelling

In addition to an extensive range of its own manufactured brand products and carefully sourced items from other quality manufacturers, MediGreen also creates CBD-driven products for retailers who want to brand their own products.

"Retailers should know that we are also a private label manufacturer," says Samimi. "So we can deal with the back end for them and supply everything from the finest raw ingredients or create finished products for retailers that would like to launch their own brand."

MediGreen's abundance of products makes it a one-stop-shop for retailers looking for quality ingredients that are increasingly sought-after for their beneficial effects. "We are very passionate about our category," enthuses Samimi. "We love to put out products that help people to have better health, and we always ensure that we use the highest quality ingredients, and that everything is THC-free, organic, and non-GMO."



Be a part of the conversation as CBD becomes the most talked about element of cannabis legalization this fall. Visit www.medigreen.ca for more information.





Ensuring your Customers' Privacy

by Eric Entz and Mark Glenning

It was not so long ago that cannabis was a taboo topic, a counterculture activity that was frowned on by the mainstream masses. Although this is changing over time, people are still sensitive about retaining their privacy, and even more so in the face of rising cyber crime. Criminals are resourceful, and are always inventing new ways in which to steal personal information.

As a licensed retailer, you should be aware of how to protect your data, and therefore your customers'. Being aware of your responsibilities, as well as the ways in which your data may be stolen, is the key to ensuring your customers' privacy.

Security Cameras

The industry already has intensive physical security standards. Retailers must have cameras that not only operate around the clock, but also store their data for a significant amount of time. This can be as long as 60 days in Alberta. Only authorized users are allowed to view the camera feed, and they must do so in a secure location while following

strict operating instructions as per the AGLC retail license guide. Consumers can rest easy in this regard, since unless the government demands the information, their identities will not be revealed to anyone in the company who is not authorized to view it.

policy that covers all of the etiquette of cannabis sales. By educating your employees and paying close attention to your POS system, computer-network, credit card storage and transmission as well as online payment apps, you can minimize the chance of any data breach.

The best way to ensure confidentiality is to have a robust in-house policy.

Maintain Confidentiality

While there are privacy protection measures such as the Personal Information Protection and Electronic Documents Act (PIPEDA), it is still difficult to ensure that all employees adhere to the industry regulations and standards. PIPEDA only applies to the collection, use and disclosure of personal information in the course of commercial activity. It will not prevent employees from casually talking about customers. The best way to ensure confidentiality is to have a robust in-house

Beware of Scammers

Online fraud now poses a huge threat, and understanding the different ways in which data can be stolen is the first step towards keeping it safe. A popular method that a surprising number of people fall for is the tech support scam. Criminals send an email that if opened can install malicious software that generates some alarming messages on your computer system asking you to contact them. Installing more software to fix the "problem", or granting them remote access to your system



is a surefire way of losing data to them. There are variations on this theme, including cold calls from imposters claiming to be from tech companies like Apple or Microsoft.

Skimming Data

Credit card skimmers also pose a problem. They're small electronic devices fitted to credit card machines that steal information from cards during an otherwise legitimate transaction. A thief needs a few undisturbed moments to install a skimmer, which is why they're often placed on ATMs and at gas stations. Be sure that your payment machine is not easily accessible to customers if an employee isn't at the counter.

Keep Data Safe

While confidentiality will mainly be handled within a store's code of conduct and training, cybersecurity measures are an entirely different story all together. The good news for most store owners is that cyber attacks tend to target larger businesses. Still, they are a significant business risk for any organization that collects consumer data, and the more data it collects, the greater the chance of being targeted. How can retailers ensure that they are doing their best to protect their data? The answer may lie in third party companies specializing in data security. An outside professional makes sure that they are aware of the latest issues and dangers present. In the event that a

cyber attack is launched, they can be relied upon to control the data breach, contact regulatory bodies, and advise on changes needed to improve security.

The best way to approach cybersecurity is from the top down. Everyone in the organization must be trained in what hazards are present, and be actively engaged in spotting them. Attend meetings and seminars, develop internal policies on risk management, and ensure that sufficient safeguards are in place to prevent cyber attacks.

Locking Down Your Customer's Data

Your business depends on the trust you build with customers, and violating that trust can have a disastrous effect. You could lose the confidence of your clients and thereby lose sales, suffer fraud losses, lose your ability to accept payment cards, or even find yourself being hit with a fine or other legal costs.

Make sure that your operating systems are constantly updated, delete any software that is not necessary to run your business, and install protection. You owe it to your customers, your employees, and to your business. ▀

Eric has been heavily involved in the cannabis world for the last 18 months. He is the Executive Director of Leaf Forward Calgary, a business accelerator and incubator program for cannabis startups. He is the VP of Operations for Cultivated Solutions, a cannabis training and consulting company, and he sits on the board of the Alberta Cannabis Collective, an industry organization dedicated to creating a high operational standard for cannabis retail organizations.




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CannaReps:

Preparing Retailers for a Post-Legalization Future

Post-legalization Canada is a fascinating time to be involved with the recreational cannabis sector. For those wanting to realize their dream of becoming a licensed retailer, it's a business environment fraught with regulations, the need for good business practices, and the overarching requirement to provide the very best advice and service to your customers. Being a successful cannabis retailer has education at its foundation. This philosophy is at the heart of what Vancouver-based CannaReps does.

The brainchild of industry veteran Adolfo Gonzalez and design director Enid Chen, CannaReps is the culmination of years of experience developed into a set of training courses designed to help owners, managers, and frontline retailers easily learn how to provide the best customer service possible, and to gain the edge needed to stand out in a market where differentiation can be a challenge.

Julie Domingo knows what CannaReps can do for a company because she was a CannaReps student before she decided to join the team. She says, "What I learned in CannaReps helped me transform every aspect of the dispensary that I managed. From enriching the service provided to customers, to understanding cannabis grading, our staff was more

confident and empowered to help our customers. That year our dispensary was voted Best Dispensary in Western Canada by Lift & Co." Today, CannaReps provides a range of courses and workshops across Canada, all presented by proven industry specialists.

Inspirations

Gonzalez was a medical cannabis user with a great appetite for learning about cannabis. Relocating from his native Mexico to Canada in 2001, he dove into the world of cannabis genetics and growing methods and benefited from having world-class mentors, such as Dr. Paul Hornby, with whom he was published in the International Association of Cannabinoid Medicine for their collaborative research into the field of standardized cannabis replacement therapy for opiate users. As an R&D consultant and staff



training specialist, Gonzalez has taught hundreds of staff and managers to be prepared to face the front line and provide exceptional service. Outside of his work as a researcher and educator, Gonzalez also became a key proponent of dispensary regulation at a municipal level. He helped councilors in Vancouver understand the fundamental issues surrounding medical cannabis dispensaries, shortly before the city announced it would be the first city in Canada to regulate dispensaries within city lines.

Experiential Learning

CannaReps uses experiential learning as its key method of teaching. Gonzalez asks, "How can someone become a sommelier if that person doesn't experience wine?" The same philosophy applies to the cannabis industry. Students role play, speak to industry professionals face-to-face, and physically interact with educational materials that help them develop the sensory skills needed to assist customers in selecting their product of preference. Chen says, "The key is understanding the responsibilities of a budtender. We train them to talk about quality and potency instead of referring to any type of medicinal or therapeutic claim or use. Having this approach helps legal retailers adapt to the new market."

What guidance can you provide to a client to connect them with the right kind of product? It's really three points:

- 1) Quality – learn to describe the aroma, ancestry, or potential effects without using words that stray into the therapeutic;
- 2) Ratio – review THC-forward or CBD-forward products, and the potential difference in their effects;
- 3) Potency – understand Health Canada approved dosage ranges, defining 'micro-doses' that are safer for first-time users, and learn how to accurately describe how to obtain these dosages from different types of products.

Gonzalez explains, "We teach cannabis guidance based on the concept of in-depth product knowledge, duty of care, and other legal requirements and liabilities. But more than this, we give each attendee the tools to stay inspired and bring the highest level of customer service to the counter."

Legalization of recreational cannabis has meant that CannaReps' workshops are in demand more than ever, not only for those looking to get ahead of their competitors, but for people wanting to raise their own level of understanding. At the core of the CannaReps' philosophy is the belief that obtaining the highest grade of expertise requires first-hand experience and the support of relevant industry experts. As Chen says, "We think that the traditional education format doesn't necessarily work for everyone and that's why we run workshops with lots of hands-on training and lots of conversation. The training is flexible and we take mentorship very seriously. We want CannaReps to effectively pass on awareness, empower the community, and tell the cannabis story."



For more information, visit www.CannaReps.ca



LEGAL CORNER

by Dennis P. Coates, Q.C.

Legalization may be here, but would-be retailers have found that they have to tiptoe across a minefield of regulations in order to achieve their desired outcome of being granted a licence to sell recreational cannabis. This issue, Dennis P. Coates, Q.C., Senior Associate with MJB Lawyers, provides answers to some of the big questions that BC and Alberta pose:

Q: What are the key issues to apply for a licence in BC?

The fee to apply is \$7,500.00 and non-refundable. A common question relates to the size and configuration of a retail location. The range in size seems to be 500 sq. ft. to 3,000 sq. ft. The first announced government store in Kamloops, BC will be 3,000 sq. ft.

The legal requirement with respect to minors is to not allow them in the store. The store will need to be designed so there is a checkpoint near the entry, perhaps close to the till or exit. Contrary to liquor store operations, there is no self-serve, no visibility allowed of product or the interior from outside the store, mandatory security and camera surveillance. and locked display and storage areas.

Q: How long will the BC application portal be open?

Although this is subject to change in the future, at this point, the Liquor and Cannabis Regulation Branch intends to keep the portal to accept applications for cannabis retail store licences open indefinitely.

Q: Who can you hire and what training is required?

Employees will need to be registered, which will involve security screening including an RCMP Criminal Record Check. In Alberta, all employees must

complete the "Sell Safe" course. Training for sales personnel will evolve and many companies are offering budtender training. Currently retailers have great difficulty retaining competent staff and managers. The task with a cannabis store will be far more difficult.

Third party use agreements will not be allowed.

Q: What does "fit and proper" mean?

The fit and proper process will be more thorough than used in the liquor licensing processes. In BC, there will be an appointed Security Manager within the LCRB, who aside from the usual criminal record search, will be investigating associates of the applicant as well as anybody with connections to the applicant. This process will examine financial affairs and financing arrangements to ensure the source of monies is acceptable. This includes the following:


- Business accounts;
- Financial institutions;
- Accountant information;
- Taxes;
- Funding sources and debt; and
- Business loans, liens, securities and conditional guarantees.

In Alberta, the AGLC will carry out thorough personal and financial background checks on all applicants, including their associates and key staff who have some control in the decision-making processes and daily operations, including those who have the authority to hire or terminate the employment of workers.

Q: What is the process of transferring licences in BC?

It is similar to the liquor industry, except that the transfer must be approved ahead of time and the potential owner must go through the same rigorous fit and proper examination. This includes not being a significant shareholder



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The advertisement features a background image of cannabis buds in a glass jar and on a white surface with a 'RX' logo. The text is overlaid on a blue and white background.

in more than eight cannabis licenses. Local government may have input into the transfer of licence process through their business licence bylaw.

Q: What is the role of local government?

Other than the fit and proper process, local government is actually the decision maker in terms of who gets a licence and where. Without local government endorsement, no licence will be issued. They are required to gather residents' views, which could include any of the following: a public hearing, a referendum, posting of a notice, and a review of written comments, or any method they choose.

Many municipalities have designated certain zones where a licence may be considered and have set out in the zoning bylaw a mandatory separation from other licensed cannabis outlets and from parks and schools.

Some have decided to not allow any outlets. If they choose to recommend a licence, their approval must state their views of the impact on the community. Some cities, such as Kamloops, have proposed a large business licence fee of \$5,000 per year. Municipalities can also dictate conditions such as hours of operations.

One of the difficult issues for local government will be deciding which applicant to recommend if there is more than one in a specific area. Methods will include first in, a lottery, or a proper staff analysis of the competing applications. One of the factors that may surface is the treatment of existing illegal cannabis outlets. Some local governments may reject these applications.

The timing of any approval will depend completely on the number of applications and complexity of the fit and proper investigation, but will be a minimum of 30 days. The additional time to secure local government approval depends on the process they select. This could be anywhere from 30 to 90 days. Proposed government stores are not required to go through the LCRB process and only require a municipal approval in order to trigger the issuance of a cannabis licence.



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The advertisement features a green background with a large cannabis leaf. In the foreground, there is a white point-of-sale terminal with a tablet displaying a colorful interface. The text is white and green, providing contact information for GreenlinePOS.

Q: How is the Alberta process different?

There are some notable differences, which include:

- The hours of operation are 10:00 AM to 2:00 AM;
- The age limit for both staff and customers is 18;
- All cannabis retail stores are privately owned, with no government stores;
- The Alberta government will operate all online sales; and
- The required distance from other cannabis stores, schools and provincial health care facilities is 100 meters.

As a retailer, you are only allowed to purchase product from the AGLC, which will ensure that the relationships between licensees, suppliers, and cannabis representatives is competitive. Your business must only operate as a retail cannabis store, and therefore must be separate from any other business. It must also be incorporated in Alberta, or extra-provincially registered there, and have a signed lease or certificate of title.

Dennis P. Coates received his Bachelor of Commerce and Law degrees from UBC. He became a partner in MJB's predecessor in 1982 and was appointed Queen's Counsel in 1987. In 2014, he became a senior associate with MJB Lawyers. He is a leading professional in the multitude of issues facing the hospitality industry in the province of BC, including liquor licensing.



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The advertisement features a woman with long brown hair and glasses, wearing a blue denim shirt, looking thoughtful with her hand to her chin. The background is a bright yellow with a faint cannabis leaf pattern. The text is in various fonts and colors, including black, white, and red. The Shervin logo is at the bottom, along with social media icons for Facebook and Twitter.

Health Canada Approves Pet Cannabis Trials

by Mark Glening

Crucial Tests Could Open Up an Exciting New Market

One of the largest companies in Canada's cannabis industry has received the go-ahead from a division of Health Canada to start clinical trials and investigate the efficacy of cannabidiol on household pets.

Canopy Animal Health, a division of Canopy Growth Corporation that focuses on healthcare products for companion animals, received approval from the Veterinary Drug Directorate to research the possible therapeutic effects of cannabidiol on anxiety.

Better known as CBD, cannabidiol is a naturally occurring component of cannabis. It's one of at least 113 cannabinoids so far identified, and accounts for around 40% of the plant's extract.

The approval came in the form of a No Objection Letter for the use of its in-house CBD oil formula, which was previously used in preclinical dosing and safety studies. The oil will be produced in Canopy's GMP-certified facility located in Smiths Falls, Ontario.

Was Anecdotal Evidence an Influence?

Although cannabis is newly legalized in Canada, there is no federal regulatory endorsement for using CBD on animals. However, there is an abundance of anecdotal evidence, which has prompted producers to investigate the possibility of this emerging market. As explored in our last issue, many pet owners have factored the substance into their pets' daily routines on word-of-mouth recommendations.

It has long been suspected that CBD-based veterinary medicine was on the table during the formulation of recreational cannabis regulations, and companies have gambled on legislation further down the line. A spokesperson for Health Canada confirmed these suspicions, along with the fact that no drugs containing cannabis have been authorized for veterinary use to date.

Dana M. Vaughan, executive vice-president



and chief scientific officer for Canopy Animal Health says that very few anti-anxiety remedies exist for pets, but that CBD, a substance proven to "bind to specific serotonin receptors and ion channels in nervous tissues that collectively lessen anxiety", can fill this niche in the market.

A Surge of Research

Before legalization, researchers were hamstrung by regulations that dictated the need for a "Schedule 56" exemption, which is authority to possess Schedule 1 substances such as cocaine and heroin for scientific research.

Dr. Shane Renwick of the Canadian Veterinary Medical Association says there's been a surge of research on cannabis-related pet health in the run up to legalization. The association expects that there will be many more clinical trials going forward in the wake of legalization. Renwick says, "We hope that there will be the research required to allow safe registered products on the market in the not-too-distant future. It will offer alternatives in a lot of cases to medications we're currently using for a variety of conditions, so it's an exciting potential that we see."

Currently, there is no legal path that vet-

erinarians can take to prescribe cannabis for pets due to the lack of clinical evidence. However, each clinical trial carried out brings that possibility a step closer.

A Plea for Awareness

The news comes in the face of a warning issued by a veterinarian in Bedford, Nova Scotia, who has seen growing numbers of sick dogs due to cannabis toxicity. Dr. Jeff Goodall reported that he saw five cases in 2017, up from three in 2016 and none in 2015. He said that the THC component of cannabis does not produce a euphoric effect in dogs, but instead makes them sick.

According to Dr. Goodall, THC causes the pet to enter a profound state of confusion, which precipitates hyperactivity and vocalizing, or crying. They soon become unable to walk and begin to drool. Later stages bring the onset of uncontrolled urination, and in rare cases, it can lead to death.

The statistics mirror those in Colorado, where there was a four-fold increase of reports of toxicity in dogs between 2010 and 2015.

It's obvious that more research is needed so pet owners can safely provide cannabis to their pets. ▀

Is Legalization Creating More Jobs?

by Mark Glanning

In this new era of legal, recreational cannabis, it's expected that consumption will rise. A positive side effect of this is a booming cannabis-related jobs market, and Canada's cannabis workforce is growing.

Job-hunting website Indeed has released figures showing that searches for employment related to the cannabis industry are up four-fold compared to last year's figures; in 2017, they accounted for six out of every 10,000 searches. The latest data indicates that this number has risen to 26.

Crucially, it's not only the interest that has increased, it's employers looking to expand. Help-wanted ads related to the cannabis industry have increased three-fold compared to last year, with 25 of every 10,000 new jobs on the site looking for production assistants, quality assurance operatives, and budtenders.

Although cannabis-related jobs are still a niche aspect of the Canadian labour market, it's a sector that is growing rapidly. Prospects in the sector were steadily rising in the run to October 17, with the market's growth potential becoming apparent. Searches for cannabis-related work spiked in January of this year, which aligned with news reports of rising stock prices of Canadian cannabis firms. On the back of this, there was a 50% hike in cannabis job postings between April and May.

Ontario Leading the Way for Job Seekers

Of all the advertisements in Canada, over half were for jobs based in Ontario, which is home to some of the industry's major players. The indications are that hiring plans have been aggressive across a wide range of job types, but the main demands have been for workers to grow cannabis and sell it.

In addition to these jobs, the number of roles for production assistants, maintenance technicians, shippers and receivers, and executive assistants are also expanding. The demand for workers in medical cannabis has also been on the rise, with a clamour for nurses and patient educators.

An interesting point that licensed retailers and producers should take note of is the terminology used. Indeed says that last year, as many jobseekers searched for the word 'marijuana' as did 'cannabis', but in 2018, the latter outnumbered it by a ratio of five to one.

Demand High in Saskatchewan

Ontario may be at the forefront of expansion, but Saskatchewan is not far behind. A recent investigation found that licensed retail stores, producers, warehouses, and distribution centres would hire around 700 people this fall. Tweed Grasslands alone will

hire 25 people across each of its retail stores in Humboldt, Melville, Fort Qu'Appelle, Meadow Lake, and Corman Park.

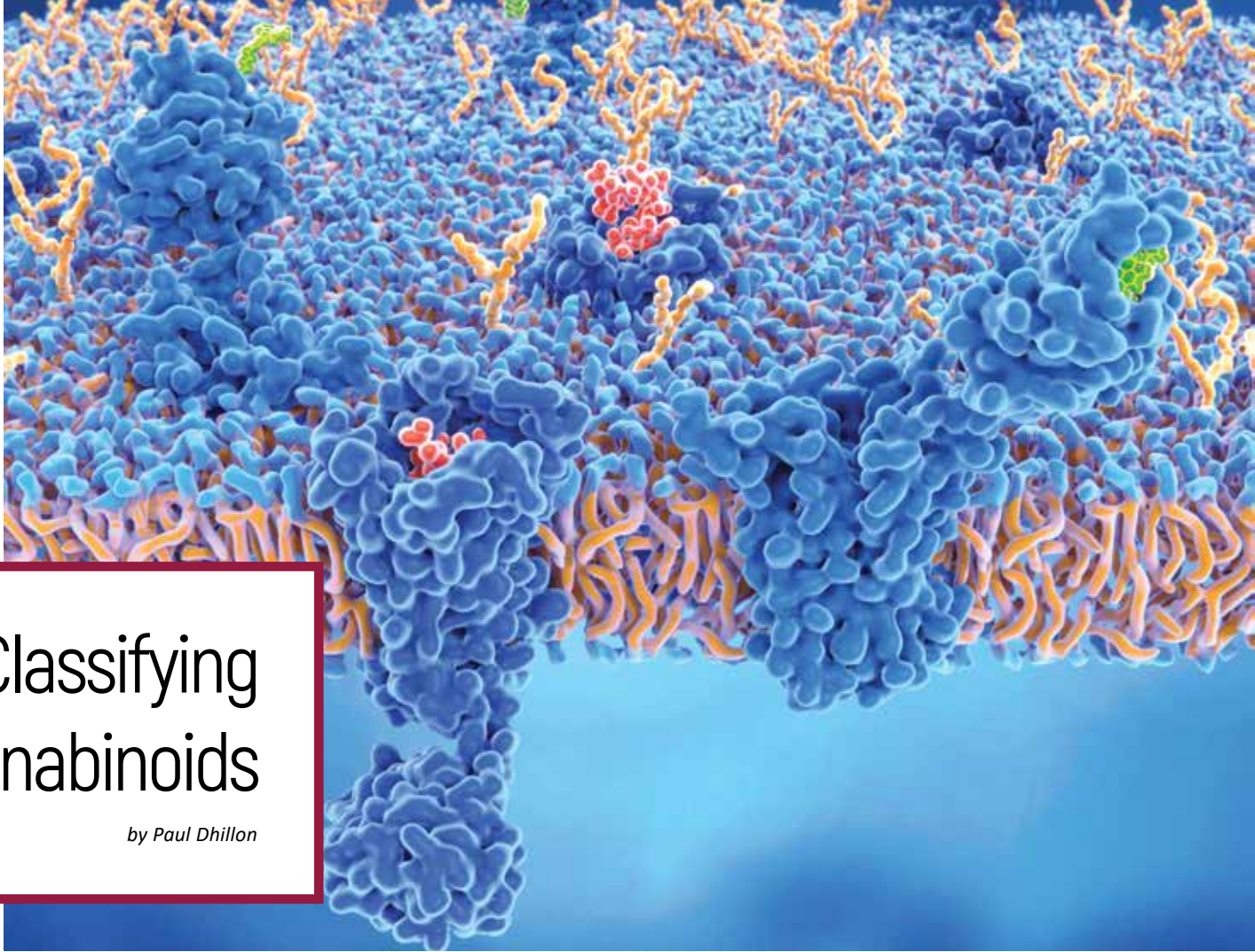
This is just for starters. Andrew MacCorquodale, managing director with Canada's largest cannabis company Canopy Growth, which owns Tweed Grasslands, estimates that Tweed's growing operation would provide employment to more than 80 people by the close of 2018.

It's not the only big company looking to hire. Aurora Cannabis has recently advertised for a project manager, a regulatory affairs associate, and a medical marketing coordinator along with cultivation and manufacturing assistants in Saskatchewan.

High Tide, an accessory wholesaler based in Alberta, has predicted that between five and ten wholesale companies applied for permits to broker cannabis shipments, with each employing a minimum of six people.

The signs are good for the employment market in the cannabis industry. It's the early days of legalization, but if cannabis sales are to seriously challenge those of alcohol, as discussed in this issue's Trends article, then Canada is well on its way to building a sustainable industry; good news for those seeking work and employers. ▲





Classifying Cannabinoids

by Paul Dhillon

Cannabis can affect people in many different ways. The diverse and sometime contradictory effects can be traced to the many chemical compounds found in it. We know the effects of cannabis are largely determined by the unique combinations of cannabinoids, terpenes, flavonoids, and other secondary metabolites found in the plant. This is known as the Entourage effect and was popularized by Dr. Ethan Russo.

The term cannabinoids was originally used to describe chemical compounds found in cannabis. However, it now covers all naturally

occurring or synthetic compounds that resemble the shape of cannabinoids found in plants or dock in the same receptors. We now call naturally occurring cannabinoids Phytocannabinoids. Synthetic cannabinoids are man-made, but having a similar shape allows these compounds to dock with the same receptors in our bodies as phytocannabinoids.

The media will often use the terms synthetic cannabinoids and synthetic cannabis interchangeably. It should be clear that even though synthetic cannabinoids use the same neural pathways and



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MJB Lawyers has been watching carefully as the new cannabis rules evolve from the Federal Government, Provincial Government and Local Governments around the province.

Dennis Coates, who has specialized in liquor licensing and enforcement matters for the past 25 years, will continue to apply this expertise as it relates to cannabis marketing and retailing in B.C.

If you require assistance with any stage of the cannabis licensing process, MJB Lawyers can help.

For a full listing of our lawyers and services, please visit mjblaw.com

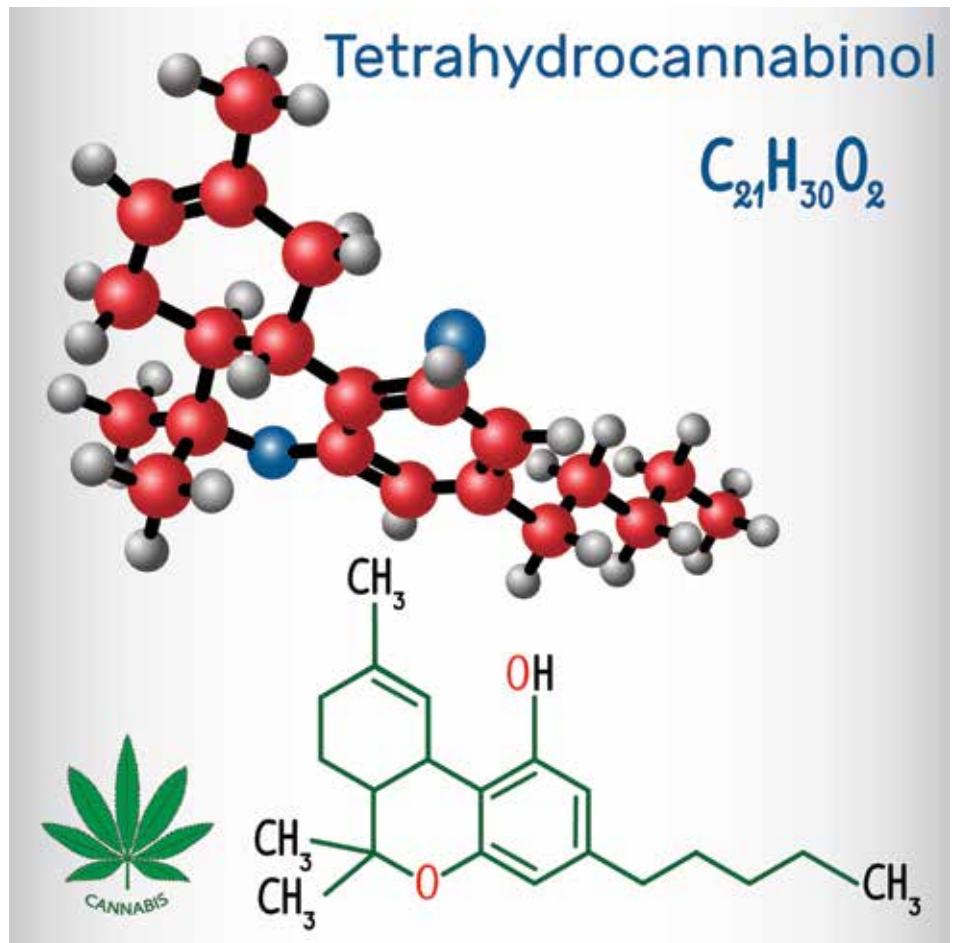
have similar shapes, they are not the same as phytocannabinoids. Synthetic cannabinoids may resemble cannabis in a lab setting but the effects are very different.

The Different Forms of Phytocannabinoids

Our bodies produce cannabinoids, known as Endocannabinoids. They play a key role in the function of the human endocannabinoid system. Two major endocannabinoids are Anandamide (AEA) and 2-Arachidonoyl glycerol (2-AG).

When learning about the effects of phytocannabinoids it is important to understand that although current research shows their potential, it is limited and more studies are required before any robust claims can be made. The following effects have been found in research studies conducted from 1980-2015.

It is also worthy to note that phytocannabinoids often exist in two different forms, acidic and neutral, because they have different effects. For example, tetrahydrocannabinolic acid (THCA) is the acidic form of $\Delta 9$ -tetrahydrocannabinol ($\Delta 9$ -THC). While $\Delta 9$ -THC does have a euphoric effect, THCA does not. If someone were to ingest the acidic form, they may be disappointed if they expected a $\Delta 9$ -THC-like effect. Phytocannabinoids are generally found in their acidic form in cannabis.



helpful when treating glaucoma. Recent studies done on mice showed CBG may protect neurons affected by Huntington's Disease and can inhibit the growth of

$\Delta 9$ -THC affects the parts of the brain responsible for mood, motor coordination, autonomic function, memory, learning, sensation, cognition, emotional reactions, feeding and other homeostatic processes. In various research studies THC has shown potential in treating Alzheimer's disease, brain injury, fibromyalgia, glaucoma, IBD or Crohn's disease, multiple sclerosis, pain and inflammation, sleep apnea, PTSD, insomnia, appetite loss, migraines and ADHD. Humans metabolize $\Delta 9$ -THC into 11-Hydroxy- $\Delta 9$ -THC, which has different effects on the human body. Some tests have shown 11-Hydroxy- $\Delta 9$ -THC is three to seven times more potent than $\Delta 9$ -THC. This is why ingesting cannabis produces an experience very different than inhaling cannabis.

A Non-Intoxicating Cannabinoid

Cannabidiolic Acid (CBDA) is a non-intoxicating cannabinoid found in the cannabis plant. CBDA's neutral form is known as cannabidiol (CBD). Although high amounts

Cannabis plants naturally produce CBGA and then enzymes break it down.

Cannabigerolic acid (CBGA) is the precursor to $\Delta 9$ -THCA, CBDA, and CBCA. Its neutral form is known as Cannabigerol (CBG). Cannabis plants naturally produce CBGA and then enzymes break it down into either $\Delta 9$ -THCA, CBDA, or CBCA, depending on which enzyme is acting upon it. Italian researchers have shown that CBG has strong anti-inflammatory potential and may help patients with Inflammatory Bowel Disease (IBD). CBG can reduce pressure in the eyes by increasing fluid drainage, which may be

colorectal cancer. Other research found that CBG may also be able to help people suffering from certain bladder conditions.

The main phytocannabinoid in cannabis is $\Delta 9$ -TetraHydroCannabinolic Acid ($\Delta 9$ -THCA). $\Delta 9$ -THCA has shown anti-cancer, anti-inflammatory, and antispasmodic properties. The neutral form of $\Delta 9$ -THCA is $\Delta 9$ -TetraHydroCannabinol ($\Delta 9$ -THC) and is largely responsible for the euphoric effects of cannabis. Users quickly convert $\Delta 9$ -THCA to $\Delta 9$ -THC when they inhale heated cannabis.



of CBD are found in hemp, strains with much higher CBD concentrations are becoming more common. Many people have started using CBD for its alleged health benefits. CBDA has shown anti-cancer and anti-inflammatory properties and CBD can be used to treat a range of anxiety disorders like generalized anxiety disorder, panic disorder, social anxiety disorder, obsessive-compulsive disorder, and post-traumatic stress disorder.

Unlike $\Delta 9$ -THC, CBD does not bond well with CB receptors and its actions are more

in a range of functions including anxiety, addiction, appetite, sleep, pain perception, nausea, body temperature, inflammation and vomiting. CBD also blocks the GPR55 receptor and, in doing so, can stop the spread of certain cancers as well as osteoporosis.

Cannabichromenic acid (CBCA) is the third cannabinoid created by enzymes breaking down CBGA and is generally found in smaller quantities than the other two in harvested flower. CBCA is found in higher concentrations in young plants, which

CBCA is found in higher concentrations in young plants, which decreases with maturity.

indirect in nature. CBD even counteracts the effects of $\Delta 9$ -THC by increasing levels of anandamide, which blocks $\Delta 9$ -THC from binding with CB receptors. CBD also lessens the anxiogenic (anxiety-inducing) and psychotropic effects of $\Delta 9$ -THC. In addition to working on the endocannabinoid system, CBD also works on other receptors found in the human body and has been implicated

decreases with maturity. CBCA has anti-fungal and anti-inflammatory properties. The neutral form of CBCA, Cannabichromene (CBC) binds with receptors that are linked to pain perception and also increase levels of endocannabinoids like anandamide. CBC has shown potential in treating acne, diarrhea, inflammation of the gastrointestinal tract, swelling, pain, depression, and as an anti-

bacterial and anti-fungal agent. One of CBC's most interesting benefits is that it may actually promote the development of brain cells.

How is CBN Created?

Unlike phytocannabinoids, cannabimol (CBN) is not created from CBGA. Rather, CBN is created by the oxidation of $\Delta 9$ -THC. As $\Delta 9$ -THC ages, it turns into CBN. Older samples of cannabis that have not been stored properly will have higher amounts of CBN. Like CBD and CBC, CBN interacts with other immune cells to regulate endocannabinoids. CBN has shown antibacterial, anticonvulsant, and anti-inflammatory properties. CBN has also been shown to slow the growth of a certain type of lung cancer. CBN can decrease sensations of pain and has a vasorelaxant effect that can be useful in treating glaucoma. CBN may even be able to heal bones by recruiting stem cells.

As more research is conducted, we consistently learn more about the many different cannabinoids and how they interact. The true potential of these compounds is actualized by using them together and not in isolation.

Editor's Note: The potential effects described in this article are all based on research studies. *Cannabis Retailer* supports the need for a greater understanding of the effects of cannabis achieved through credible scientific study, but in no way recommends that licensed cannabis store owners or their employees direct customers to specific products based on their purported medical effects. ▀

Paul Dhillon is the President of Cultivated Solutions, which addresses the training and support services of the cannabis industry, develops talent, and is an advocate of demystifying and destigmatizing cannabis through credible research.

Updating Workplace Policies

by Mark Glanning

Defining Impairment

Just as the legalization of recreational cannabis is shaking up society's attitudes towards the substance, it will challenge our fundamental workplace policies.

According to a recent study conducted by Deloitte, 22% of adult Canadians consume cannabis recreationally on occasion, and a further 17% have indicated that they are curious about trying it.

When we break these figures down and look closely at the largest generation in Canada's work force—people born between 1980 and 2000, the millennials—we see an even higher percentage that are receptive to trying it. A study of millennials revealed that nearly three out of four not only backed legalization, but also are willing to sample it in different forms, including vaporizing (38%), candy (40%), topical lotions (49%), and edibles (52%). However, 40% of those taking part in the study believed that cannabis could lead to impaired performance at work.

A Rising Tide of Consumers

According to Health Canada, the number of Canadians that registered for medical use hit 270,000 in 2017. With the number of users rising due to legalization, it's little wonder that employers are worried. The Conference Board of Canada reports that over 50% of Canadian employers have expressed concern over the implications of legal cannabis in the workplace.

This puts business leaders in a position where they have to reconsider workplace policies, and possibly implement new ones to ensure that they offer a safe, productive and inclusive work environment for their employees. How can they go about this?

At the heart of the issue is the definition of the word "impairment". Employers need to be clear on what constitutes impairment. Just as it's not permitted for employees to be intoxicated while on the job, it shouldn't be acceptable to be high to the point where it negatively affects performance. Any procedures for handling suspected impairment should follow consistent,

proper protocols. These could include incident reports, disciplinary measures, and appropriate corrective action.

Although smoke-free laws apply to cannabis, any associated workplace policies should be updated to include it. Many employers also accommodate people with allergies, and so have regulations that govern the use of scents. These should be looked at again to see if it's appropriate to include any complaints related to cannabis.

Can We Depend on Technology?

Depending on the nature of the business, it may be reasonable to implement a testing policy to measure levels of possible impairment, especially if particular jobs have important safety requirements. This could be tricky for employers. Technology still has to catch up with this new era of legalization. Presently, a person can be tested for the presence of THC in their bloodstream, but this does not accurately measure any level of impairment.

Health plan options should also be reevaluated, and employers should speak with their providers to investigate expanding their traditional group benefit plans. In February of 2018, Sun Life announced that it was adding medical cannabis coverage to group plans, and Manulife also offers something similar on a selective basis. Even

organizations such as the Ontario Public Service Employees Union, The University of Waterloo, and Loblaws have brought similar policies onboard. Some of the important factors to consider should include clear eligibility conditions and annual fund limits, solely to limit any ambiguity further down the line.

Is Zero Tolerance the Way Forward?

Regardless of an employer's personal beliefs, a zero tolerance policy is not a feasible stance to adopt. There are a lot of potential grounds for discrimination against employees who use medical cannabis to treat illnesses. More importantly, as a business leader, it's vital that your workplace policies are inclusive and fair.

Legalization of recreational cannabis is at the leading edge of a host of changes, not simply regulatory. With the rise of millennials in Canada's workforce, social media as a way for business to engage with and be accountable to their customers, and the ongoing transformation of how we can be productive due to technology, we're at a nexus of opportunity. It's a time when business leaders should take this extraordinary moment in time to redefine their culture, shake up their operations, and strengthen the connections they have with their teams. ▀

Advertisers

7ACRES	12, BC	GlobalTill.com	28
Action Retail Outfitters	9	Hospitality Solutions	36
Barnet POS	25	Indica Online	IFC
BWI Business World	10	KPU	16
Cannabis Merchant	10	MediGreen	20
CannaReps	26	MJB Lawyers	32
Cova Software	5	Shervin	29
Cultivated Solutions	31	Staples Advantage Canada	IBC
Design 21 LED Lighting	15	TVAPE	6
Get Green Line	29		

Counter Culture

Turning the Tables Through Great Customer Service

by Tim Ellison

Licensed retailers and government-run stores will be establishing Canada's reputation in the burgeoning global cannabis industry. Some of these stores will be national, multi-unit chains, so how will a small, independent store compete?

The answer is great customer service.

Service Touch Points

Personalized service as a key differentiator, and creating a relationship with your patron will gain you a loyal, repeat customer. People look for convenience, cleanliness, friendliness, and knowledgeable, efficient, and highly trained staff. If any of these attributes are missing from your store and are on offer at a competitor close by, you can be assured your customers will "vote with their feet" and patronize other establishments.

Don't leave this important part of your operation to chance. Have a service plan with some measurable goals. Commit it to a document and communicate it to everyone through consistent orientation and training. Role-play is useful, especially when you have scripts for recurring situations that can enable staff to handle them with a consistent level of success. Instill a service culture in your people. Monitor the results and adjust and adapt as necessary.

Remind staff that when customers walk into your store there is a very good chance that the sale is already made, and all they have to do is be thankful for the opportunity to be of service and look after the customer

enthusiastically. Employees must always be positive about everything including your establishment, the products on offer, and any competitors in the market place.

Engaging Your Customers

Basic service tenets include a quick greeting accompanied by a smile. Comfortable eye contact, clear and precise speech (advanced level techniques include mirroring language and speech used by the customer to put them at ease and give a sense of familiarity), asking questions, and employing active listening techniques to best discern your customers' needs are also a must. Guiding the customer towards products that are best suited to their needs is a crucial stage in the interaction.

Clear signage can assist customers to find products. Consider grouping them into logical categories (THC, CBD, Sativa, Indica, Organic, Staff Picks, etc.). Basic information can be handed out related to various delivery systems, types of cannabis, and other related products.

This can cut down on a lot of time spent engaging a staff member when the customer could have already used their waiting time to get the information they were looking for. It won't eliminate the time consumed answering questions, which is when you build your relationship, it will just make it shorter and more efficient.

If your store has large line-ups, control the flow by developing a system to manage your customer volume and ensure service

is offered on a first-come, first-served basis. You can have customers line up or employ a number system that allows them to wander about, peruse your store, and look at your other retail offerings without losing their place in line.

Selling Techniques

You should have key performance indicators (KPIs) to measure productivity. Monitoring sales per hour, sales per shift, and total weekly, daily and monthly sales can give you a lot of insight into how your employees are performing. There are all kinds of objective ways, even outside of simple financial performance indicators like punctuality and absenteeism, to allow you to see who is really getting the work done.

After you have determined the product best suited to your customer and their budget, staff should offer a few choices. It's a good idea to limit options, otherwise customers can be overloaded with too many options. Staff can also make suggestions about the convenience of vape systems and pre-rolls, or promote other products such as glassware, pipes, grinders, etc.

Great service is necessary and doesn't happen by chance. Develop a service strategy and set your operation in place to compete. ▀

Tim Ellison is a hospitality professional specializing in customer service and enthusiastically helping people build customer service programs designed to exceed guest expectations and create a loyal customer base.



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Visit CannabisRetailer.ca for articles, trends and research to help you set up and run a cannabis store in Canada.

The screenshot shows the homepage of CannabisRetailer.ca. At the top is the logo "CANNABIS RETAILER" with the tagline "Business Magazine for Canadian Retailers". A navigation menu includes: NEWS, PROFILES, INNOVATIONS, MAGAZINE, ADVERTISE, ABOUT US, CONTACT, a search icon, and a "Subscribe" button. The main content area features six article cards in a 2x3 grid:

- QUEBEC'S STORE DESIGN & LOCATIONS**: Accompanied by an image of a modern store interior.
- OCS ANNOUNCES SUPPLY AGREEMENTS**: Accompanied by the flag of Ontario.
- ONTARIO HANDS PRIVATE RETAILERS CHANCE TO SELL CANNABIS**: Accompanied by a glass sphere reflecting a cityscape.
- NELSON: A CITY PRIMED FOR LEGALIZATION**: Accompanied by a scenic view of a town.
- BC RETAIL LICENCE PORTAL NOW ONLINE**: Accompanied by the flag of British Columbia.
- BC LDB CALLS FOR NEW PRODUCTS, ANNOUNCES MARK-UP**: Accompanied by a close-up of cannabis leaves.

To the right of these cards is a "LATEST ARTICLES" section with a list of headlines:

- BC LDB CALLS FOR NEW PRODUCTS, ANNOUNCES MARK-UP
- CBD PET THERAPIES IN HIGH DEMAND
- COULD CANNABIS HELP REDUCE CRACK USE?
- RECOMMENDING AN APPROPRIATE DOSE
- WILL ONTARIO HAVE CANNABIS IN TIME FOR OCT. 17?
- CMA CALLS FOR MEDICINAL CANNABIS TO BE PHASED OUT

At the bottom left, there are two magazine covers: "SUMMER 2018" and "SPRING 2018". In the center, a red-bordered box highlights the "INSIDE SUMMER 2018" issue with a background image of a woman. The box lists topics: "HIRING AND TRAINING STAFF", "DOSING", "TECHNOLOGY", and "BUILDING A CANNABIS-FRIENDLY CITY". A "Read the Issue" button is at the bottom of the box. On the bottom right, there is an "ARCHIVES" section with a list of months from September 2018 to March 2018. Above the archives is the logo for "ACTION RETAIL OUTITTERS" with the website URL "WWW.ACTIONRETAILOUTITTERS.CA".

Marketing Plan Precautions

by Kim Haakstad

Following the passage of Bill C-45, licensed producers began spending big on advertising. Multi-story electronic billboards in Toronto's Dundas Square, sponsoring and hosting booths at summer music festivals and cultural events, and online advertisements on social networks have become commonplace. But, that is about to change.

As of October 17, 2018, the Cannabis Act will come into force, and Health Canada has been clear that prohibitions contained in the legislation on advertising will be enforced. For retailers, getting a clear answer on what advertising is allowed continues to be a challenge.

Contained within the text of the Cannabis Act is direction on marketing and branding restrictions. It prohibits incentives, sponsorship, testimonials, celebrity endorsements, international promotion, and more. Related provisions in the Controlled Drugs and Substances Act, the Food and Drugs Act, and the Narcotic Control Regulations (NRC), also restrict advertising. For example, NRC section 70B says "no person shall publish or cause to be published or furnish any advertisement to the general public respecting a narcotic."

For your retail store, restrictions will apply not just to how you advertise and market outside of your store, but for marketing at the point of sale as well. For example, you must not promote the sale of cannabis products through inducements that seek to provide you and your staff with incentive to sell the product of one licensed producer to the preference of others. You may have point of sale promotions in your store, however, they are limited to price and general information about the product. Given the purpose of cannabis retail stores is to supply non-medical product only, you and your staff may not make any health


claims about the product. However, you can provide information about the strain, its typical effects and available quantities.

To make things even more complicated, each province has layered on some of their own specific provisions for advertising, inducements, and branding and placed limits on what products besides cannabis and cannabis accessories can be sold in your store.

In BC, while you may only sell cannabis and cannabis accessories, they will not allow for the sale of snacks or non-alcoholic drinks. In Alberta, a cannabis retail store

in the province and as such these details are still to be determined. Lastly, Manitoba has indicated they will release their own enabling legislation though the information was not publicly available at the time of writing this article.

While all of this amounts to a somewhat frustrating and highly regulated retail experience, it is important to remember that this goes back to the federal government's stated purpose for the legalization of adult-use cannabis. Their objective to eliminate the criminal component in cannabis and keep the substance out of the hands of children



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is only permitted to sell accessories that promote responsible and legal storage or consumption of cannabis. Alberta stores are also required to sell child-proof lockable containers for storage. In addition, similar to BC, they are not able to sell any consumable product other than cannabis or anything intended to be mixed or consumed with cannabis.

In Saskatchewan, it is permitted for stores to sell cannabis industry magazines, branded t-shirts, ashtrays and artwork, but the sale of other non-cannabis related items is banned. Saskatchewan retailers will also have the ability to sell their products online, though rules around promoting your store and website still refer licensees to the Cannabis Act and Health Canada for more information. In Ontario, the new provincial government just recently indicated their intention to alter the path of cannabis retail

is contingent on legalizing, regulating, and restricting access.

Navigating the layers of rules will not be easy. Seek counsel from relevant provincial cannabis regulatory agencies, from Health Canada, or from one of many of the industry experts that have been preparing for and studying the development of the legal framework since its inception.

Retailers should take comfort that Prime Minister Justin Trudeau has said cannabis legalization is a process, not an event. As such, while we should rightfully celebrate the event that is October 17, we also look forward to additional clarity, and hopefully over time, a little loosening of the marketing and advertising restrictions. ▀

Kim Haakstad, Cannabis Connect, Global Public Affairs - Globalpublic.com

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