BC CANNABIS WHOLESALE

LDB Product Application Guide & FAQs

Revised: Nov 22, 2024

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New Product Application Process

Central, Direct & Dual Delivery

The LDB supports two distribution paths for cannabis products: Direct Delivery and Central Delivery.

Central Delivery

The Central Delivery channel refers to products listed for sale by BCLDB through the Richmond Distribution Centre (RDC) and displayed on the BC Cannabis Wholesale Website for retailers to order.

In order to become part of the central delivery assortment, products must be reviewed and approved by the LDB Category Management team. The new product application process varies depending on whether an applicant is a new or existing supplier of the LDB.

Please refer to either the Prospective LDB Licensed Producers or Existing LDB Licensed Producers sections that follow for further details.

Direct Delivery

Direct Delivery products are distributed to licensed retailers directly by the Licensed Producer (LP). These products must be eligible and registered with the LDB for the provincial direct delivery program before any sales are made. However, review and approval by the LDB Category Management team is not required.

Applicants looking to register products for direct delivery can review the eligibility and registration requirements on the LDB Direct Delivery supplier website: https://www.bcldbcannabisupdates.com/bcldb-cannabis-direct-delivery.

A contact list is available on the website should you have questions about the program or required steps.

Dual Delivery

Products may be registered in both the Central Delivery channel and the Direct Delivery channel. Products existing in both channels are referred to as being "Dual Delivery".

Dual Delivery products must maintain the same product attributes in both channels (Pricing, Potency, Case Pack, etc.)

Direct Delivery Products that are not currently listed for Central Delivery may be submitted and will be subject to the Central Delivery review process. If approved for Central Delivery, the product will be converted from a Direct Delivery product to a Dual Delivery product.

Direct Delivery eligible products that are currently listed in the Central Delivery channel may be updated to Dual Delivery with a change request sent to the cannabis.vendor@bcldb.com team. The cultivator must be specified, and the products must be eligible for the Direct Delivery program for the update to be made.

Prospective LDB Licensed Producers

The following provides some high-level steps of the central delivery product application process for doing business with the LDB.

Only after a product has been reviewed and approved will the LDB register a licensed producer for central delivery.

<u>Step 1:</u> Ensure that your Health Canada licence allows you to sell directly to provincially/territorially authorized distributors and retailers.

 Licence holders may validate the classes of cannabis they are authorized to sell to the LDB via <u>Health Canada's website</u>

<u>Step 2:</u> Download and complete the "*Vendor Questionnaire*" and "*New Product Submission form*" from the supplier website and then e-mail it to <u>cannabis.products@bcldb.com</u>, along with any supporting sales materials.

Link: https://www.bcldbcannabisupdates.com/bcldb-cannabis-supplier-information Location: "New Product Application and Review Process"

<u>Step 3:</u> All product submissions will be reviewed, and the LDB will reach out should any additional information be required.

<u>Step 4:</u> All submitted products will be taken through a formal review process, with a listing update provided via email once a decision has been made.

<u>Step 5:</u> If any products are approved for listing via Central Delivery, you will be guided through the new vendor and product registration process.

Refer to the <u>Central Delivery Product Launch Timelines</u> section for more details on timelines and next steps.

Existing LDB Licensed Producers

If you are already an active and registered cannabis supplier with the LDB, the below steps can be taken to submit a net new product submission for review.

<u>Step 1:</u> Download the latest version of the "New Product Submission form" from the central delivery supplier website, and return it completed to <u>cannabis.products@bcldb.com</u> along with any supporting sales materials.

Link: https://www.bcldbcannabisupdates.com/bcldb-cannabis-supplier-information Location: "New Product Application and Review Process"

<u>Step 2:</u> All product submissions will be reviewed, and the LDB will reach out should any additional information be required.

<u>Step 3:</u> All submitted products will be taken through a formal review process, with a listing update provided via email once a decision has been made.

<u>Step 4:</u> If any of your submitted products are approved for listing via Central Delivery, you will be guided through the new product registration process. Refer to the <u>Central Delivery Product Launch Timelines</u> section for more details on timelines and next steps.

Additional Information & FAQs

When should I approach the LDB with a product submission?

LDB Wholesale generally accepts applications on an ongoing basis through an open product call process.

Please submit new Central Delivery product applications to cannabis.products@bcldb.com no more than 4-6 weeks from when the product will be ready to ship.

This is to help protect any approved submissions from rapidly changing market conditions.

Products that are delayed and unavailable to launch within 8 weeks of the approval date may be subject to de-listing.

What products should I come to market with?

The cannabis industry is rapidly changing. We encourage LPs to research the market conditions and BC's current product assortment before making any product development decisions.

Ensuring that your product is compelling and competitive in relation to current market offerings is key to product viability.

Some high-level quarterly data for the BC market is available on the LDB Corporate website for review: https://www.bcldb.com/publications/bc-cannabis-wholesale-quarterly-sales

The LDB carries products in the following categories: flower, pre-rolls, beverages, edibles, inhalable extracts, ingestible extracts, topicals, and seeds.

How should I price my product?

We encourage all licensed producers to research current market prices and to price their product, accordingly, be sure to consider product attributes that impact the overall value proposition.

Important product attributes include but are not limited to, product quality, production methods, format, hardware, packaging, branding, cannabinoid profile, terpene profile, flavor, etc.

How long does the central distribution product application process take?

Listing notifications generally occur within 2-4 weeks of submission depending on completeness of applications, and the volume of applications.

Refer to Central Delivery Product Launch Timelines for additional timeline information.

What happens if my submitted products are not selected for listing via Central Delivery?

The LDB assorts a portfolio of products to meet the size and demand of the BC market. Any declined products will remain in the product pool, which is a database of all submitted products.

The LDB Wholesale Category Management team may reach out should any market or assortment needs shift over time and an opportunity to list arises.

Alternatively, for eligible products, registration via the Direct Delivery program may provide another route to market. Refer to the <u>Direct Delivery</u> section in this guide for more information.

Can I resubmit previously declined products for further review?

Suppliers should not re-submit previously reviewed products, unless there is a significant change in value or product attributes. Any declined products will remain in the product pool.

The LDB Wholesale Category Management team may reach out should any market or assortment needs shift over time and an opportunity to list arises.

Does a listing mean my products will be automatically carried at retail stores?

No, an approved product with the Wholesale Category Management team does not automatically mean retailers will carry said product(s). Each retailer, inclusive of both government and private retailers, makes an independent listing decision.

Furthermore, LDB operates the wholesale and retail lines of business as two separate business entities. BC Cannabis Stores curate their own assortment selected from the wide portfolio of products listed under Central Delivery.

To discuss BC Cannabis Store assortment opportunities, please reach out directly to the BCCS Category Managers, whose details can be provided upon request once a Central Delivery listing has been approved.

Do I need commercial general liability or other insurance to do business with the LDB?

LDB's Insurance requirements vary by licence type and product type, please refer to Section 18 of the supply agreement for the latest requirements. The supply agreement is downloadable from:

Link: https://www.bcldbcannabisupdates.com/bcldb-cannabis-supplier-information

Location: "Supply Agreement"

Central Delivery Product Launch Timelines

Step 1: Product Application Submission (estimated 2 – 4 weeks)

Your product application will be reviewed, and should any further details be required the wholesale category management team will reach out. Approval or decline is anticipated within 2 – 4 weeks of submission depending on completeness of applications, and the volume of applications.

Step 2: Vendor & Product Registration (estimated 2 weeks)

Once you have an approved central delivery listing, you will be guided through the new product registration process. For new suppliers, you will be guided through an additional vendor registration process.

Please follow the instructions included in the product approval email to begin the product registration process.

Timelines for registration vary depending on completeness of applications and registration volumes, but typically take an average of 2 weeks. Additional time may be required for new vendor registration.

Step 3: Initial Purchase Order (estimated 1-2 weeks)

Once registration is complete, initial Purchase Orders (PO) are typically forecasted and ordered the following week. This forecasting process happens on a weekly basis.

The LDB Demand Planning team will only place orders for products after receiving confirmation of available inventory upon completion of product registration.

Product availability offers can be sent to <u>cannabis.demand@bcldb.com</u>, and should be sent using the template found on the supplier website under "Ordering & Forecasting".

Please note: It is the Licensed Producer's responsibility to send weekly product offers to cannabis.demand@bcldb.com. Demand Planners will only issue purchase orders if needed once the weekly product availability offer has been received from the Licenced Producer.

Step 4: Delivery to LDB's Distribution Centre (pending appointment availability)

Once you have a PO, you can contact rdclogistics@bcldb.com to request a delivery appointment using the "RDC_PO_Appointment_Request" form, which can be downloaded from the supplier site under "Shipping & Label Requirements".

Once you have been issued a delivery appointment, please deliver to LDB's DC within your scheduled delivery window. Upon delivery, our DC will conduct a Quality Assurance (QA) check and communicate any receiving issues to you as applicable.

Please note: Deliveries performed outside of scheduled times are subject to rejection and a new delivery window will need to be booked.

Step 5: Availability for Central Delivery sale: (estimated 1-3 business days)

Upon passing the DC QA check, your product will be processed and received into the system. Products typically become available on our wholesale website within 1-3 business days.

All in-stock items will be available to the entire network of LDB licensed retailers. Licensed retailers can place an order on our wholesale website at any time, however LDB ships to licensed retailers on a weekly schedule which varies by region and customer.

B.C. Indigenous Cannabis Product (BCICP) Program

In keeping with its commitment to develop a robust and diverse legal cannabis economy in B.C., inclusive of rural and Indigenous communities, the LDB launched the B.C. Indigenous Cannabis Product (BCICP) program.

The program, which launched on January 18, 2022, highlights cannabis products from B.C.-based Indigenous producers to help easily identify Indigenous products.

The program is available to federally licensed cannabis producers that have at least 51 per cent Indigenous ownership and whose facilities are in British Columbia (see eligibility criteria below).

The program is also available to licensed cannabis retail stores to highlight BCICP product within their outlets. Interested producers are encouraged to visit the BCICP webpage to learn more about the program: https://www.bcldbcannabisupdates.com/BCICP

Additional questions from licensed producers can be sent to: cannabis.vendor@bcldb.com

Please note, as with all standard Central Delivery listings, products are not automatically carried by Licensed Retailers including the BC Cannabis Government stores. Suppliers with an approved Central Delivery listing can then approach Private Retailers, or the BC Cannabis Stores Category Management team, to discuss potential listing opportunities.