BC CANNABIS WHOLESALE

LDB Product Application Guide & FAQs

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New Product Application Process

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

<u>Direct Delivery</u> eligible products are distributed to licensed retailers directly by the licenced producer. 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.

<u>Central & Dual Delivery</u> products are distributed to licensed retailers via LDB's Richmond Distribution Centre. In order to become part of the central delivery assortment, products must be reviewed and approved by the LDB Category Management team.

The required steps for product application and registration vary, depending on which distribution channel is desired

Please refer to either the <u>Direct Delivery</u> or <u>Central & Dual Distrbution</u> sections that follow for process details.

Direct Delivery

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 particular elements of the program or required steps.

Applicants looking to be considered for Central Delivery can refer to the <u>Central & Dual Delivery</u> section that follows for details. Dual delivery refers to products that are authorized and registered for sale through both the direct delveiry and central delivery channels.

Central & Dual Delivery

Central & Dual Delivery products are distributed to licensed retailers via BC LDB's Richmond Distribution Centre, and must be reviewed and approved by a LDB Category Manager in order to be added to the central delivery product assortment.

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 <u>Prospective LDB Licensed Producers</u> or <u>Existing LDB Licensed Producers</u> sections that follow for process details.

Prospective LDB Licensed Producers

Q: I am not yet registered with the LDB as a supplier of cannabis, how do I apply?

A: The LDB will register licenced producers as supply partners for the central delivery channel only after a product listing application has been received, reviewed, and the product has been selected, or "listed", for purchase in the BC market.

<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 Health Canada's website
- Note: If you are not yet authorized to sell directly to the LDB, you may work through another licence holder with the appropriate sales amendments for your submission. Contact <u>cannabis.products@bcldb.com</u> for more information.

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

Link: https://www.bcldbcannabisupdates.com/bcldb-cannabis-supplier-information Location: "Product listing application and de-listing"

<u>Step 3:</u> All initial product submissions will be scanned, and the LDB will reach out should any additional information be required prior to the formal review.

<u>Step 4:</u> All submitted products will be taken through the 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 Central <u>Delivery Product Launch</u> <u>Timelines</u> section for more details on timelines and next steps.

Existing LDB Licensed Producers

Q: I am already registered with the LDB as a supplier of cannabis, how do I submit a new product application?

<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: "Product listing application and de-listing"

<u>Step 2:</u> All intial product submissions will be scanned, and the LDB will reach out should any additional information be required prior to the formal review.

<u>Step 3:</u> All submitted products will be taken through the 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 Product Submission Information

Q: When should I approach the LDB with a product submission?

A: LDB Wholesale generally accepts applications on an ongoing basis through an open product call. Seasonal products may have a fixed product call where applications are only accepted during a specific timeframe. Please submit new Central Delivery product applications to cannabis.products@bcldb.com no more than 4-6 weeks from your ready to ship date. 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 and can be resubmitted again at a later date.

Q: What products should I come to market with?

A: 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.

Q: How should I price my product?

A: We encourage all licensed producers to research current market prices, and to price products accordingly. Be sure to consider product attributes that impact the overall value proposition, including but not limited to: product quality, production methods, format, hardware, packaging, branding, etc.

Q: What master pack size should I use?

A: All pack size requirements are published in the Wholesale Supply Chain Requirements file that is available at the following link:

Link: https://www.bcldbcannabisupdates.com/bcldb-cannabis-supplier-information Location: "Supply chain requirements for cannabis"

Q: How long does the central distibution product application process take?

A: Average processing time from date of submission is two to four weeks depending on completeness of applications, assortment need, and the volume of product and/or vendor applications. Refer to Central Delivery Product Launch Timelines for additional timeline information.

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

A: The LDB's Central Delivery model lists 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 will then reach out should any market or assortment needs shift over time and an opportunity to list arises.

Alternatively, for eligible cultivators and processors, 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.

Q: Can I resubmit previously declined products for further review?

A: Any declined products will remain in the product pool. The LDB Wholesale Category Management team will then reach out should any market or assortment needs shift over time and an opportunity to list arises. Please note, suppliers should not re-submit previously reviewed products, unless there is a significant change in value or product attributes.

Q: If approved for Central Delivery listing, will I see my products on the BC Cannabis stores website?

A: BC Cannabis Stores are a seperate business unit, and they 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 once a Central Delivery listing has been approved.

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

Central Delivery Product Launch Timelines

Step 1: 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.

Our Vendor Relations team will reach out as a next step to begin vendor registration, if you do not hear from them within five business days of your listing approval, please contact them directly to begin registration at cannabis.vendor@bcldb.com. 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 2: Initial Purchase Order (estimated 1-2 weeks)

Once registration is complete, initial Purchase Orders (PO) are forecasted on a weekly basis. Product availability must be submitted to the Demand Planning team upon completion of product registration, in order for a Purchase Order to be created. Product availability offers can be sent to cannabis.demand@bcldb.com, and should be sent using the template found on the supplier website:

Link: https://www.bcldbcannabisupdates.com/bcldb-cannabis-supplier-information Location: "Supply chain requirements for cannabis"

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

Step 3: Delivery to LDB's Distribution Centre (pending appointment availability)

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

Link: https://www.bcldbcannabisupdates.com/bcldb-cannabis-supplier-information Location: "Supply chain requirements for cannabis"

Once you have been issued a delivery appointment, you are free to 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 4: Availability for Central Delivery sale: (estimated 1-3 business days)

Upon passing the DC QA check, your product will be processed and 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 are able to place an order on our wholesale website at anytime, however LDB ships to licensed retailers on a weekly schedule which varies by region and customer.

FAQs

Insurance Requirements

Q: Do I need commercial general liability Insurance, product recall and product contamination insurance to do business with the LDB?

A: 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: "Supplier Agreement"

Sales Data & Performance

Q: How can I see the performance of my products in market?

A: LDB provides free weekly data reporting to all active supply partners registered with the LDB. These reports include information about each individual LPs own portfolio of products, including sales, on-hand inventory, and product life cycle status. This is very useful data, and we encourage LPs to monitor this on a weekly basis.

Current supply partners can contact cannabis.data@bcldb.com with additional questions about the service.

Q: Do you have competitive sales data available?

A: The LDB offers an annual subscription service for competitive sales data. There are currently three options, and the cost of the subscription is dependent on the frequency chosen.

See https://www.bcldbcannabisupdates.com/cannabis-sales-data for more information

Q: How do I register for the data programs?

A: To register for both the free and paid data programs, contact cannabis.data@bcldb.com.

Q: Can you tell me which retail stores carry my product?

A: The LDB does not provide store or site level distribution data to LPs due to privacy concerns.

Q: How does LDB measure my portfolio's performance?

A: LDB has established minimum performance thresholds to retain an active central delivery listing, you can also find the latest on our supplier website under "Additional Resources"

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

Location: "Additional Resources"

Q: What happens if my product is not meeting minimum performance thresholds?

A: There are many available products and LDB is only able to maintain a fixed assortment at any one time. There is an ongoing process to remove slower selling items and add new, higher potential products to ensure the assortment reflects the needs of BC consumers and retail stores. The de-list thresholds are available on the supplier website for reference. Please review the available weekly reporting to monitor the sales and LDB inventory of your products. A product that has been de-listed for central delivery will have a Wholesale Lifecycle Status of Product Exit. This means that LDB will not place additional purchase orders but remaining inventory may continue to be sold to licensed retailers, until a return request is issued by the LDB.

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 Province 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 in private cannabis retail stores, BC Cannabis Stores and online, helping consumers easily identify Indigenous products and make purchasing decisions.

The program is available to federally licensed cannabis producers that have at least 51 per cent Indigenous ownership and whose facilities are located 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