



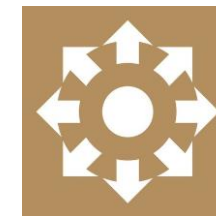
## The Chartered Institute of Logistics and Transport

Promoting members' education and professional development in the fields of transport and logistics.

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A close-up photograph of a cannabis plant with several buds and serrated leaves, set against a solid red background. The plant is the central focus, with its intricate details clearly visible.

# Auxly

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## Cannabis Logistics in Canada

20th Jan 2021

# Contents

- Brief Team Introduction - AC
- Cannabis industry overview - AC
- Operational and Supply Chain Opportunities -AC
- Regulatory & Compliance landscape - VK
- Recruiting for an emerging and challenging industry - MP
- The view from the inside – a Logistics providers experience - BP
- Open Forum – Questions

# Presenters for today







Alan Cooke – SVP, Operations – Auxly

Vlad Klacar – VP, Regulatory Affairs – Auxly

Marina Pisanjuk – Manager, People & Culture – Auxly

Brian Potvin– Managing Director - GTAGSM

# AUXLY'S SUBSIDIARIES FOCUSED ON 1.0 AND 2.0 PRODUCTS

<p><b>KOLAB PROJECT</b></p>	<p><b>ROBINSONS</b></p>		
<p>Ontario, Canada 20,000 sq. ft. Indoor 1,000kg/year</p>	<p>Nova Scotia, Canada 27,000 sq. ft. Indoor 1,000kg/year</p> <p>Positioned to deliver super premium cannabis to Canada</p>	<p>PEI, Canada 60,000 sq. ft. Extraction, Processing &amp; Manufacturing CO<sub>2</sub> - 14,000kg Distillate/year</p> <p>GMP compliant production facility with analytical lab</p>	<p>Ontario, Canada 1.1Msq. ft. Indoor Production</p> <p>Built and designed with over 25 Years of greenhouse manufacturing experience</p>
			

# A PORTFOLIO APPROACH TO CANNABIS & DERIVATIVE PRODUCTS



**DOSECANN**

Holistic Healers

Oils  
Capsules  
Topicals

KLP

**KOLAB**

Cannabis Enthusiast

Pre-Rolls  
Dried Flower  
Vapes  
Chocolate  
Hard Candy

B40

**BACK FORTY**

*Price-sensitive*  
Cannabis Enthusiast

Vapes

Foray

**FORAY**

Function Focused Novice

Vapes  
Soft Chews  
Chocolate  
Hard Candy



**ROBINSONS**

Cannabis Connoisseurs

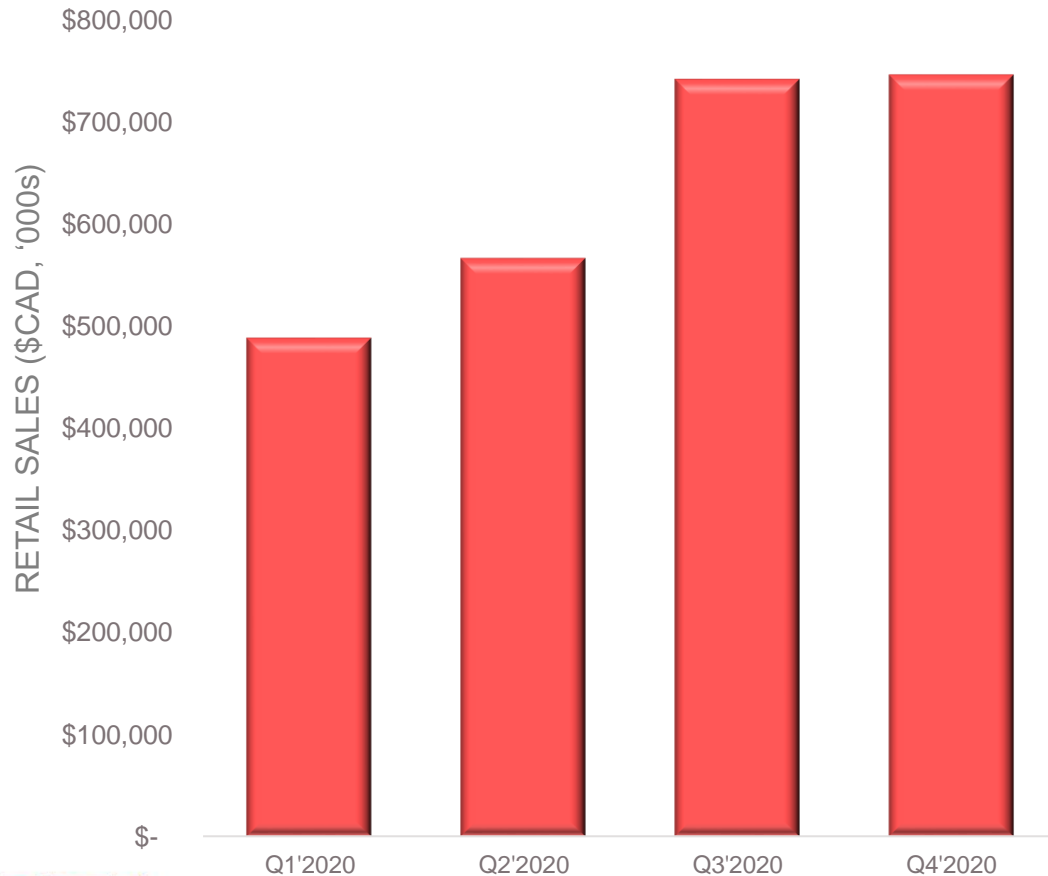
Dried Flower

**Auxly**

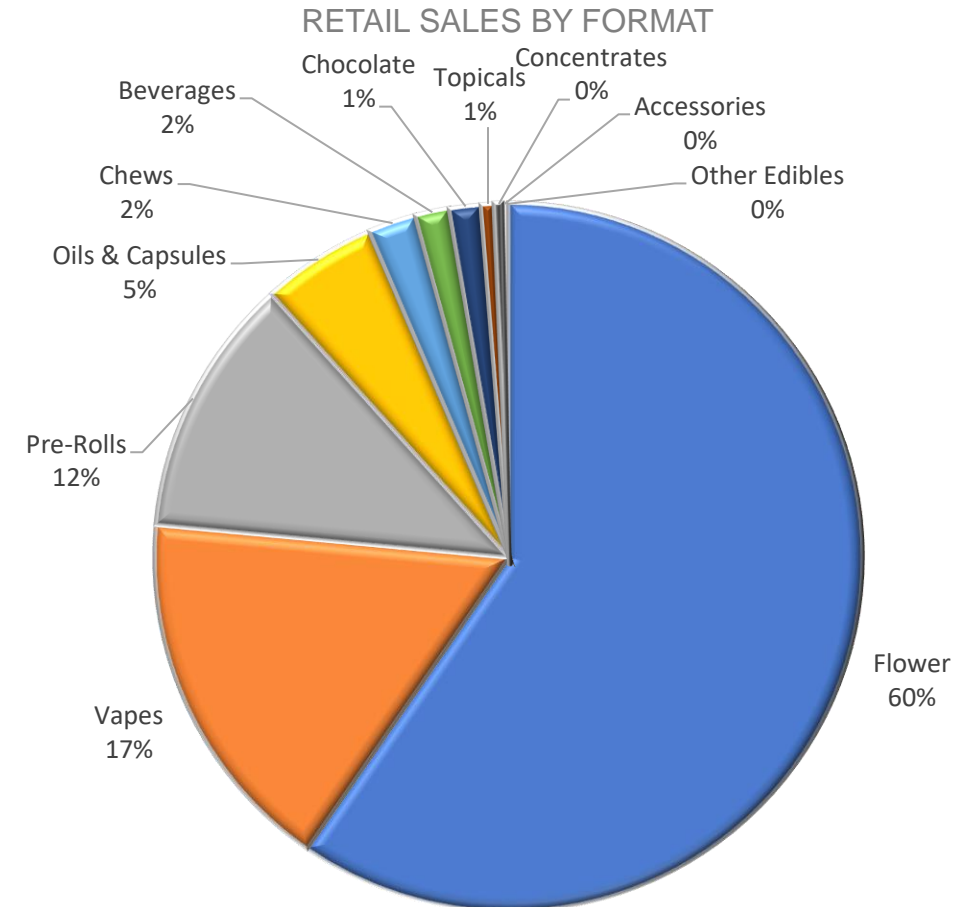
# THE CANNABIS CATEGORY IS CONTINUING TO SHOW STRONG GROWTH

LPs NEED TO FOCUS ON DELIVERING BOTH 1.0 AND 2.0 PRODUCT FORMATS TO WIN

THE CANNABIS CATEGORY IS CONTINUING TO GROW AND WAS FORECASTED TO GROW TO OVER \$2.5B IN 2020



EVEN WITH THE LAUNCH OF 2.0 PRODUCTS IN 2020, FLOWER, PRE-ROLLS, OILS AND CAPSULES STILL MAKE UP MOST OF THE CATEGORY





# Operational and Supply Chain Opportunities

- Cannabis is CPG and has the potential for many standard practices to be embraced
  - Shared warehousing
    - 3PL shared storage (with some segregation)
    - Fulfillment centres offering value added activities
    - Secondary packaging
    - Excise stamping
    - Pick/Pack
    - White labelling support
    - Co Packing
  - Shared Transport
    - Opportunity to set up a secure Cannabis transport network of transport providers for nationwide reach
      - Similar origins and provincial distribution centres make this achievable.
    - Opportunities to look into “at source “ manufacturing transport synergies
    - Planning solutions for global freight movement
      - Air/ Ocean
      - Truck utilization

# Operational and Supply Chain Opportunities

- Entry to market does not need to be cumbersome or cost prohibitive.
- Secure facilities are needed.
  - Controlled access
  - Camera coverage
  - All round perimeter fencing is not required if the building can be demonstrated to be secure.
- Secure transport is needed – but this exists in many areas already
  - Pharma
  - Technology
  - Tobacco
  - Alcohol
- Robust tracking of information for loads is required ( HC) – but again exists already
- Integrity of the transport environment is increasing with 2.0 expansion
  - Temp controlled for both outbound and returns
  - Availability of this data can be crucial

# CULTURE OF LEADERSHIP WITH DIVERSE PERSPECTIVE

## COMMITMENT

While industry knowledge is a key component to our success, we are built on attracting top performers with a proven track record of success

## AMBITION

We focus our efforts on candidates from world class companies who have demonstrated leadership and created value for their organizations

## PASSION

Positive attitude, strong work ethic and a desire to win are the characteristics that drive our culture and help attract and retain the best and brightest



A close-up photograph of a cannabis plant with several buds and serrated leaves, set against a solid red background. The plant is the central focus, with its intricate details clearly visible.

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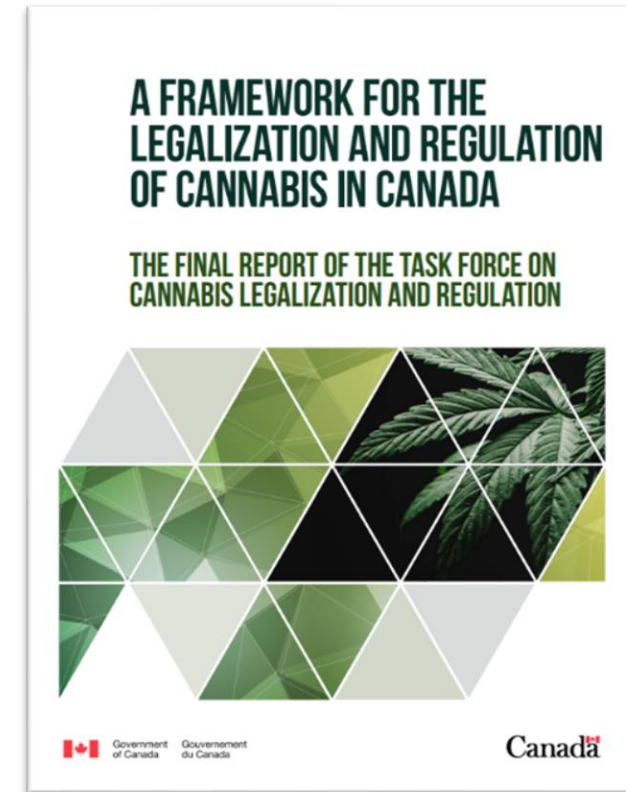
## The Regulatory Landscape – Vlad Klacar

20th Jan 2021

# A Framework for the Legalization and Regulation of Cannabis in Canada

## • Summary

- On November 30<sup>th</sup>, 2016, the final report (“The Report”) of the Task Force on Cannabis Legalization and Regulation is released
- The Report outlined the proposed framework, covering a set of priorities:
  - Minimizing Harms of Use
  - Establishing a Safe and Responsible Supply Chain
  - Enforcing Public Safety and Protection
  - Medical Access
  - Implementation



# Cannabis Act

## Federal Responsibilities

- Set strict requirements for producers who grow and manufacture cannabis
- Set industry-wide rules and standards, including:
  - The types of cannabis products that will be allowed for sale
  - Packaging and labelling requirements for products
  - Standardized serving sizes and potency
  - Prohibiting the use of certain ingredients
  - Good production practices
  - Tracking of cannabis from seed to sale to prevent diversion to the illicit market
  - Restrictions on promotional activities

## Provincial and territorial responsibilities and abilities

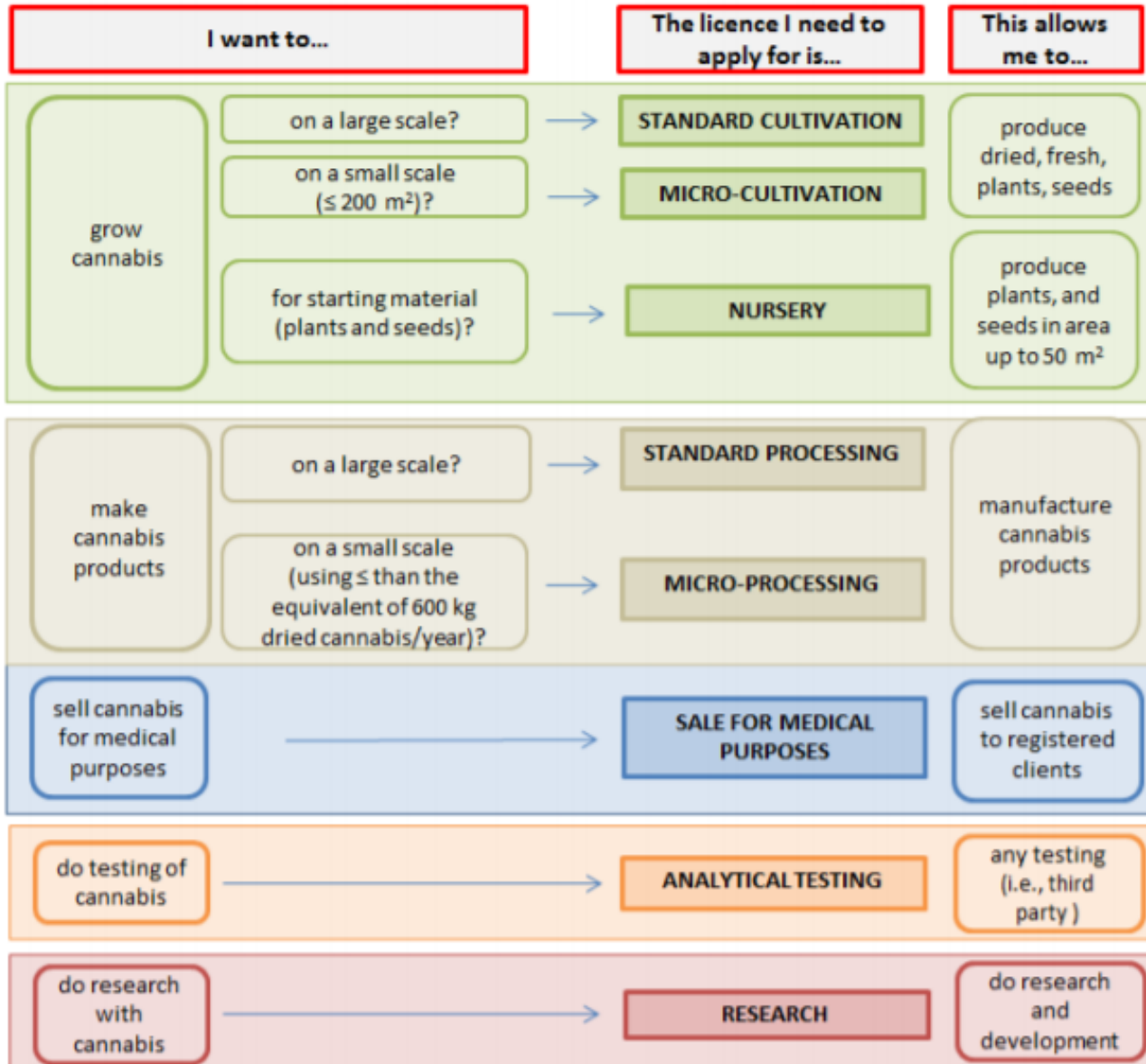
- Increase the minimum age in their province or territory (but not lower it) (every province/territory has made the legal age for cannabis consumption 19, except Quebec (21) and Alberta (18))
- lower the personal possession limit in their jurisdiction
- create additional rules for growing cannabis at home, such as lowering the number of plants per residence
- restrict where adults can consume cannabis, such as in public or in vehicles

# Cannabis Regulations

- ❑ The *Cannabis Regulations* are the primary set of regulations enacted to support the *Act*
- ❑ Define the minute details of all authorizations, prohibitions, limitations and boundaries of the matters covered in the *Cannabis Act*
- ❑ Subject matter includes, but is not limited to:
  - Licensing requirements
  - Importing and exporting for medical or scientific purposes;
  - Security clearance requirements;
  - Physical security measures and requirements;
  - Good production practices;
  - Cannabis testing;
  - Packaging, labelling, promotion, and advertising of cannabis and cannabis products;
  - Record-keeping, reporting and disclosure obligations; and
  - Access to cannabis for medical purposes (implantation of the former *ACMPR*).

# Federal Licence Holders

Figure 2: Cannabis Classes and Subclasses of Licences



- Licences are either Standard or Micro
- They can be stacked (with some exceptions for micro classes)
- Currently there are 576 licence holders – not including analytical licences



A close-up photograph of a cannabis plant with several large, serrated leaves and a central, developing flower bud. The plant is set against a solid, vibrant red background. The lighting highlights the texture of the leaves and the intricate structure of the flower.

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Recruiting in a new industry – Marina Pisanjuk

20th Jan 2021

# RECRUITING IN THE CANNABIS INDUSTRY

## Challenges:

- Lack of precedence in the industry
- Lack of relevant experience
- Volatile nature of the industry
- Lack of working capital
- Lack of suitable Cannabis recruiting platforms

## Overcoming Those Challenges:

- Hard skills vs. Soft skills
- Look for talent in neighbouring sectors and regulated industries
- Stress positives of sector and company culture
- Provide transparency into company and role
- Be creative in your recruiting process

# WHAT TO LOOK FOR IN A CANDIDATE

- **Focus on quantifiable data on resumes**
  - Achievements
  - Efficiencies
  - Accomplishments over responsibilities
- **Transferable and Soft skills:**
  - Collaboration
  - Resourcefulness
  - Initiative
  - Eye for detail and quality
  - Intrinsic need to want to make a positive impact for the larger community and Canada, Canadians and the economy
  - Openness to learning
  - Passion
  - Ability to work in an unstructured and everchanging environment
- **Knowledgeable about the Company and the industry**



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# ABOUT US



- We are a wholly owned subsidiary of the GTA Group that is headquartered in Toronto, Ontario, and employs more than 800 employees
- We are a turnkey logistics provider offering domestic and international shipping capabilities
- Through our proprietary booking portal, we combine various ground and air shipments with full track and traceability, which is combined with a global cannabis insurance policy
- Using a global shipping program platform can drastically reduce your shipping costs. GTS GSM has a global reach with shipments received across the globe, such as -
  - Argentina
  - Australia
  - Israel
  - Lesotho, South Africa
  - Poland
  - Germany
  - Denmark
  - London, UK
  - Romania
  - Uruguay
- Flown over 600,000 live clones domestically and abroad

# TRANSPORT



## CANNABIS TRANSPORT & INDUSTRY STRUGGLES

- Small batch producing is expensive to ship as a lot of costs remain the same as on larger moves
- Lack of storage at production facilities
- Temperature control and humidity control
- Myths about flying pressurized products
- Myths about LTL shipping
- High cost of production puts a strain on the shipping budget which allows for lesser standards compared to the controls under which the product is produced

# TRANSPORT



## EMULATING REGULATED INDUSTRY PRACTICES

- Large scale TMS systems available for managing costs and vendors
- Cost-saving methods (LTL combined, FTL drop shipping)
- GPS / Temp Tracking
- International Shipping
- Variety of shipping methods to transport cannabis
  - Vehicle types
  - Aircraft Containers
  - Thermal Wraps
  - Pallet Shippers

# WHAT WE NEED



## THE INDUSTRY WILL BENEFIT FROM

- The ability to store / pick and pack products in approved facilities
- An accreditation or standard for transport
- More visibility on the product location during transit
- Integrations between WMS / ERP / TMS and government DCs to reduce touchpoints and allow for accuracy in shipping
- Eventually integrate to store POS
- Proper insurance coverage for domestic and international shipments





*Thank You!*



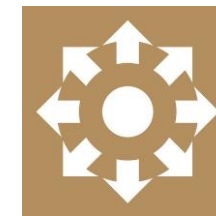
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