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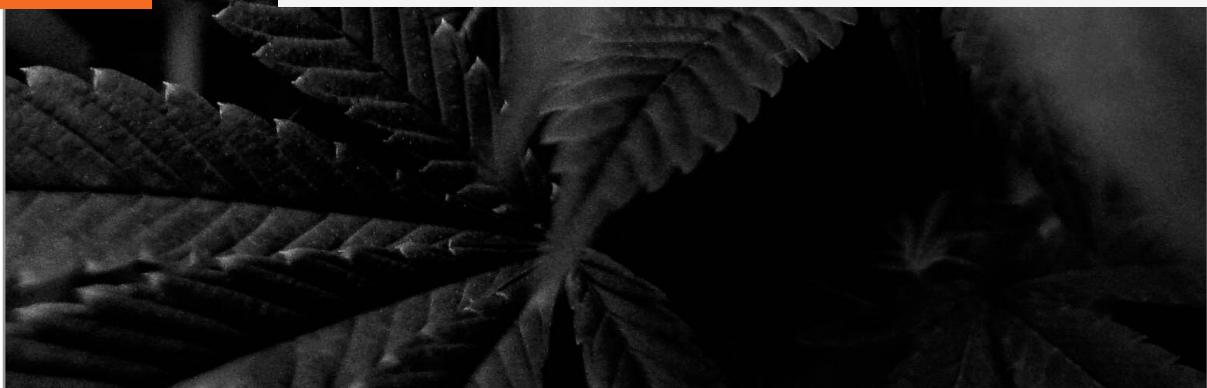
CANNABIS LABELING GUIDE



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Cannabis Labeling Basics

“Construct a brand that would stand out in any market, not only in the cannabis industry.”

-Holy Weig



Labeling is an integral part of any product, and cannabis products are no exception. When it comes to labeling cannabis products, there are a few things you need to know to ensure your labels are compliant with provincial or state laws and regulations. This paper will discuss the basics of cannabis labeling, including what information must figure on labels and some best practices for making sure your labels are effective and informative.

Accuracy & Legibility

There has been a growing movement to legalize cannabis for medicinal and recreational use in recent years. As a result, the cannabis industry is rapidly expanding, and new products regularly appear on store shelves. With so many new products available, properly labeling products is more important than manufacturers. Labels should be clear and legible, allowing consumers to see what they are buying effortlessly.

In addition, labels should provide accurate information so that consumers understand precisely what they are getting. Accurate labeling is crucial for cannabis products since the effects of

cannabis can vary depending on the strain and concentration of THC. Ensuring that labels are legible and accurate helps assure consumers have the experience they intended to have when using the product.



Appropriate Font and Type Size

The legal sale of cannabis and cannabis-derived products is fairly new. Governments are frequently adjusting cannabis legislative guidelines for many aspects, including labeling. It is best to first learn about the basics but absolutely necessary to keep up with the latest regulations in your region.

While we are providing what we know to be the most recent information below to guide you, please double-check accuracy before heading to the printers.

Label fonts for all required information must be a minimum of 1/16th of an inch in height to

ensure text legibility and visibility. The aim is to facilitate consumers' decision-making by providing them with easy-to-read information, facilitating informed decision-making. The larger type protects public safety by preventing accidental ingestion of potentially misleading products. Cannabis product labels must clearly list the CBD or THC concentration and the quantity of product in the packaging in one single typeface. It must include a health warning message, nutrition facts, and a list of ingredients, among others.

Easy-to-Read Labeling

As cannabis becomes increasingly mainstream, there is a growing need for products to be appropriately labeled. Consumers should easily find all the relevant information about a product before purchasing it, and that information should be clear and easy to understand. The choice of font & size should make the information legible.

Many cannabis products currently on the market do not meet these standards, and in those cases, important information is hidden

behind confusing jargon or buried in small print. In other cases, labels are simply inaccurate, leading consumers to make an unsatisfactory purchase.

The growth that the cannabis market is enjoying makes it all the more essential that labeling standards improve. Consumer confidence is at stake and what will determine if and how fast the industry reaches its full potential.





Tamper-Evident Relevance

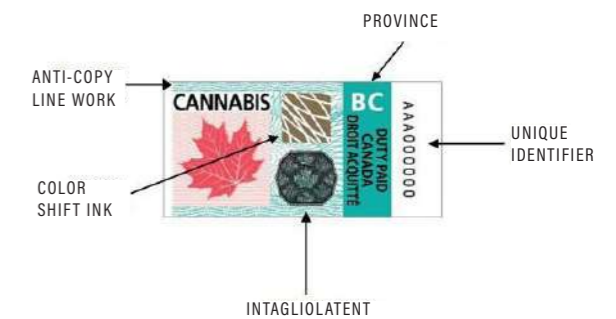
Subject to strict regulations regarding packaging and labeling, cannabis products must be labeled to inform and protect. Tamper-Evident labeling ensures that a product remains as intended, and it will also help in deterring would-be criminals from tampering with cannabis products. There are many ways to tamper-proof products, using a variety of label types and applications. Applied in a "L" or "U" fashion over the opening of a pouch or the top of a container, effectively tamper-proofs any

packaging. Mandatory tax stamps can also double as a security seal. It is common practice for manufacturers selling on the Canadian market to opt for this choice. The application of excise tax stamps to finished product packaging doesn't differ much from other labels; they represent a problem for many Licensed Producers when production volumes increase. Because they are rather small, precise application represents a little challenge for many people.

In-Line and Offline Applications

Depending on the preference of the licensed producer, cannabis products can be tax stamped in-line or offline. In-line means the tax stamping occurs during the production & the tax stamper is integrated directly into the main packaging line. Products exiting the line are immediately ready to ship. However, many LPs will send finished products to inventory and wait until the destination is known to apply the tax stamps. The main difference between in-line and offline ap-

plications is that in-line processes are considered permanent while offline applications may be considered temporary. In addition, offline applications often take longer to complete and may require more manpower than in-line applications.



Jars, Bottles, Cartons & Pouches

Cannabis packaging comes in all shapes and sizes, but every package must have a tax stamp applied regardless of the size or shape. While every type needs to be tamper-proofed, the type and difficulty of application will differ. For bottles and jars, the tax stamp must cover the cap and body of the bottle (U-shape application). For Boxes, the label must be applied to the top and down the side of boxes (L-Shape application). Finally, pouches require the label application directly on the zipper seal. No matter what type of package you choose, make sure to respect tax stamp requirements correctly to avoid penalties.



Glueless or Pre-Glued Excise Stamps

There is only one licensed excise stamps provider in Canada, offering various sizes and colors, depending on the province. They allow consumers to identify the product as being produced legally. Tax stamps are available in rolls, as pressure-sensitive labels, or in stacks without adhesive. Machinery for applying either type of label is very different, and costs differ significantly. Every kind of tax stamp has its benefits and drawbacks, and it is important to choose the right type for your needs. No matter which type you choose, make sure you get the right machinery to apply it. Otherwise, you'll just be wasting your money.

Avoid Misleading or Deceptive Statements

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What to include on your labels

As a cannabis manufacturer, it is crucial to understand what information should figure on your labels. There are a few key considerations when deciding what to include on your cannabis labels.



Small Package Labeling Compliance

Laws and regulations for cannabis should allow some degree of flexibility to prevent innovation from being stifled. There is currently a need for a great deal of flexibility regarding mandatory label content because small containers do not often provide adequate surfaces to display the required information. For cannabis products packaged in retail packaging that do not have sufficient space for all of the mandatory label content, we recommend establishing a reduced set of labeling require-

ments to accommodate small products but keep labeling effective. At the very least, retail cannabis products should have an identity statement, instructions for use, the cultivator's or manufacturer's license number (as appropriate), the lot number, and a Cannabis Facts panel containing all the necessary potency information, warnings, and the universal symbol, if applicable.

Product's Common or Usual Name

Under FDA regulations, all food products, botanical supplements, over-the-counter medicines, and prescription drugs are required to have a statement of identity on their labels. For cannabis products, including the word "Cannabis" in boldface type is mandatory. The labeled name of cannabis products could be limited to their generic product category, such as "Cannabis Concentrate" or "Ingestible Cannabis-Infused Product," or terms describing the product type. "Cannabis Wax" or "Cannabis Transdermal Patch"; or some combination of both, such as "Cannabis-Infused Carbonated Beverage" or "Cannabis

Concentrate: Shatter," are just some examples.

As these factors drive many consumers' purchase decisions, cultivators may voluntarily incorporate strains (e.g., Blueberry Kush) and species (e.g., sativa, indica, hybrid) as a means of differentiation. Furthermore, strain names may differ widely between licensees for various reasons, and at present, the use of strain names is unregulated. Strain and species labeling could therefore be promoted as a voluntary best practice but not required by regulation.

Indication of Cannabis or Cannabis-Derived Products

The universal symbol for cannabis is mandatory so consumers can easily identify the presence of THC in the cannabis product. It must be present on the packaging or labeling of all finished cannabis products with a labeled potency value of at least 0.3% effective THC or 1 milligram of active THC per container or, if applicable, per manufacturer's specification. In addition, the symbol will also help to remind customers that cannabis products containing THC are regulated by state and federal

laws. Ultimately, the goal is to ensure that all customers have the information they need to make safe and responsible choices when purchasing cannabis products. Since each state that requires a universal symbol has come up with a different design, there is no true universal symbol for cannabis products currently. Cannabis industry professionals, however, consider a cannabis leaf and "THC" enclosed in a triangle to be a reasonable and intuitive universal symbol.

Warning Statements

Cannabis products, like any other consumer product, can pose a risk if not used properly. Consumers need to understand the risks of cannabis use and take precautions to keep themselves and those around them safe. Warning statements on cannabis products help to ensure that consumers are aware of the potential risks and can make informed decisions about whether or not to use the product. Several commonly available products, such as alcohol and prescription drugs, must carry warning statements. "KEEP OUT OF REACH OF CHILDREN AND PETS" and "This product may be unlawful outside of [insert location]" should be listed as warnings for any cannabis product.

Net Quantity

All cannabis products must have a net quantity of contents label that states the amount in both U.S. customary and metric (SI) units. If the product is a liquid, the net quantity of contents will be expressed as a fluid measure. If the product is solid, semi-solid, or viscous, the net quantity of contents will be expressed as dry weight.





Ingredients

All products, regardless of type, must list all ingredients, including cannabis. Under this proposed rule, manufacturers would be required to list all ingredients by common or usual name in descending order of predominance by weight on the label. Only products present at insignificant levels and do not have any technical or functional effect are exempt. These include processing solvents and cultivation inputs if mandatory pesticide residue, foreign matter, and residual solvent tests confirm the amounts

present do not exceed levels considered significant by the regulating state. This would allow consumers to identify the predominant ingredients in each product easily and make sure that they are comfortable with the overall composition. In addition, this requirement would help to ensure that products are accurately labeled, so that consumers can be confident that they know exactly what they are buying.

Nutritional Information

The requirements for nutrition labeling of edible cannabis-infused products and concentrates are largely similar to the requirements for other foods. The presence of nutritional facts panels is demanded, and these must list calories, total fat, saturated fat, trans fat, cholesterol, sodium, carbohydrates, dietary fiber, sugars, and protein. Cannabis regulations have incorporated this familiar labeling item, but the application is inconsistent. Depending on the state producing the cannabis product, it may not be required to label cannabis products with nutritional information. It may be only necessary to apply to cannabis-infused foods & drink or apply to all infused products regardless of how they are ingested.

THC and CBD Levels

As the legal landscape around cannabis continues to evolve, consumers must have access to accurate information about the products they intend to purchase. Ultimately, all cannabis labels should include a Cannabis Facts panel detailing the percentage concentration of key cannabinoids like THC and CBD. This information will help consumers make informed choices and ensure that they are consuming levels of THC that they are comfortable taking. In addition, including this information on labels will help create a more knowledgeable and educated market for cannabis products, which is paramount for continued growth in this industry.

Effective vs. Active THC

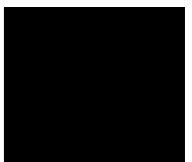
When it comes to THC potency, activated and non-activated products must be approached differently. THCa, a non-psychoactive compound, is converted into psychoactive THC through decarboxylation in cannabis flower and non-activated concentrates. Smoking or vaping these products converts THCa into THC upon exposure to heat, producing a psychoactive effect once it enters the bloodstream.

When estimating a cannabis product's THC content, it's critical to account for the loss of mass during the conversion from THCa to THC. Simply adding the values for THCa and THC can lead to an inaccurate estimate, as the difference in molecular mass must be accounted for. Nevada has taken a similar approach, requiring that flower and non-activated concentrate labels



include the percentage concentration by weight, an essential step in guaranteeing that consumers have accurate information about the THC content in their product.

Most psychoactive cannabis products are decarboxylated during the manufacturing process. A product usually contains very little THCa but more active THC when packaged for retail. Activated cannabis products are consumed in various ways, including orally, transdermally, and sublingually. In potency labeling for cannabis-infused products and activated concentrates, effective THC content or concentration would not accurately reflect the psychoactive potential of these products. It is recommended to include on labels for topicals, edibles, transmucosal products, transdermal products, and activated concentrates intended for oral consumption or cooking the milligram content of THC, referred to as "Active THC."



Allergens

Ingestible cannabis products, including concentrates and infused products, must have allergen labeling. This allows people affected by severe allergies are aware of the potential allergens in these products. Allergen labeling requires listing major food allergens for all ingestible infused products and concentrates intended for cooking or intended for ingestion and digestion, swallowed and digested (i.e., Activated Concentrates). There are two ways to label cannabis products containing at least one primary allergen. Immediately after or adjacent to the ingredients list, include a note "Contains" and a complete list of all major food allergens. The second option would involve putting the allergen name in parentheses after the common or usual name of the ingredient that comes from or contains the allergen.



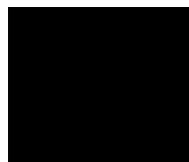
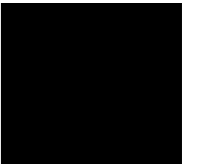
Contaminant Testing Statement

Many states that have legalized cannabis specifically require testing for contaminants such as pesticides, bacteria, and heavy metals. Some states have enacted regulations that require cannabis manufacturers to include a statement on their labels indicating whether the product is tested for contaminants. However, this approach can create confusion for consumers unfamiliar with each state's specific requirements, and it can also complicate business operations by reducing label consistency. Until every state with a cannabis program requires contaminant testing, it would be beneficial that each state adopt a standard statement such as "This product complies with state contaminant testing rules."

Name and address of the manufacturer or distributor

The licensee's name and business phone number or email address should be prominently displayed on the finished product label so that consumers can efficiently contact the licensee with any complaints or inquiries. The licensee is responsible for ensuring that the finished product meets all quality and safety standards set by the government and addressing any consumer concerns in a

timely and professional manner. By prominently displaying the licensee's contact information on the label, consumers are sure to reach someone who can help if they have any problems with the product. Publicizing cultivation and manufacturing site addresses could present unnecessary security risks; business phone numbers or email addresses could replace business addresses.





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