



Annual Report 2022/23 for the AGM of the CTA

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Presented by: Marika Graham-Woods, Chairman and Executive Director

Introduction

As we gather for our Annual General Meeting (AGM), it is my privilege to present the annual report, highlighting our collective achievements, challenges faced, and strategic directions for the forthcoming year. This past year has been a pivotal one for the Cannabis Trades Association (CTA) under the stewardship of our dedicated team, board of directors, and members across the United Kingdom and abroad.

Industry Overview

The legal cannabis industry in the UK has continued to evolve amidst a complex regulatory environment. CBD suppliers moved towards the Medical Sector setting up Clinics and new supply chains.

CBD: The FSA Novel Foods created problems for the industry (and has done for nearly 4 years!) This resulted in 2022/23 in many smaller CBD companies running out of money, the lucky ones were able to sell their Brands and Formulations, resulting in an agglomeration within the sector.

Fury at the FSA stance led to some fairly serious legal threats against the Regulator, and the CTA used it's influence, to successfully intercede via the APPG directly to Ministers, the FSA and other channels resulting in the CBD sector (a miniscule part of Novel Foods) being recognised as being seriously damaged by the Regulator. This is not what Government Departments are supposed to achieve with applying regulation. The CTA was recognised by the FSA as a stakeholder on behalf of CBD as a Food Ingredient, and a far more conducive relationship has been formed.

Despite these challenges, the CTA has remained at the forefront, advocating for sensible regulations, promoting best practices, and supporting our members in navigating the landscape of the legal cannabis market.

It was the first year that Nutropics was on industry lips and a number of mushroom teas and edible functional foods and supplements containing CBD and hemp were launched – many at Product Earth.



Pet Products: Manly based on cold-pressed hemp seed oil although the FSA tried to prevent this..... this sector is set for rapid growth.

Cosmetic and Topical products: Slow growth but an outlet for companies not on the FSA NF Public List. With advertising difficulties B2C product attributes were difficult to highlight. Avon now use CBD in their products.

Supplements: a growth in this sector was a natural conclusion due to the NF problems. Increasing consumer interest in and uptake of functional foods (Nutropics) is now creating growing new product sectors and sales for hemp and CBD additives.

Medicinal and Clinics: With NF `on hold' larger CBD companies decided to get HO licences to supply medicinal cannabis to clinics and, As suppliers of Medical Cannabis and the clinics themselves had to be separate organisations – this kick-started the `indoor THC grow' environment in the UK, supply platforms (Cantorage etc), novel medicinal applications for cannabis (Eg patches, inhalers etc) as well as a large number of online and bricks and mortar clinics. The difficulty will be increasing the consumer market for such products, so advertising spend is up and innovation in clinic type and lifestyle appeal head market growth.

Achievements in 2022/23

The CTA joined the Secretarial Advisory Board to the APPG in January and by the end of July the SAB produced `A Plan for a fully `A Plan for a Legal and Regulated Hemp and Cannabis Sector'. It was recognised as a Full Parliamentary Report and copies are in the HoC Library.

The five key points from it were:

- 1) **Move hemp licensing from Home Office to DEFRA:** To put the UK on a competitive footing with other hemp-producing countries, the licensing of industrial hemp cultivation should be moved to DEFRA, whose staff have agricultural expertise and are better qualified than those in the Home Office to assess applications for hemp cultivation.
- 2) **Commission a review of the Novel Food Regulations and its applications to hemp-based food supplements:** Today, the vast majority of CBD food supplements sold in the UK are imported. This is due to current restrictions on hemp cultivation and the onerous Novel Food (NF) process, both of which effectively preclude UK farmers from accessing this high-value-add consumer segment of the CBD sector.
- 3) **Establish commercially viable THC limits in consumer products:** the current focus on permitting only CBD isolate sales in the UK nullifies the potential economic benefits for a domestic UK industry, as isolates are an oversupplied commodity dominated by US and Chinese manufacturers.
- 4) **Allow GPs to prescribe cannabis and remove the requirement for doctors to triage their prescription with two other peers:** the current procedure is slowing down the process and creating unnecessary barriers.



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5) Reform the Proceeds of Crime Act 2002: At present, investors remain cautious about investing in the cannabis sector, owing to the risks associated with the Proceeds of Crime Act 2002. As a consequence, proceeds from medicinal cannabis business in states such as Colorado may constitute “criminal property” even if fully legal and authorised in the foreign state.

Point 2 – The NF Process is currently under review and **Point 3** also came about due to the work of the CTA.

Point 4 – The CTA encouraged electronic prescribing of cannabis for Government data gathering purposes.

Point 5 – POCA is currently under review as is trying to get Cannabis listed on them LSE.

FSA Developments: We provided the FSA with a list of Bulk suppliers and with the help of TTS Pharma suggested ways to create innovation, testing protocols, the prevent lab-shopping and worked with Trading Standards to keep consumers safe.

All the time we were under the threat of the ACMD Advisory Council on the Misuse of Drugs Report 2021 was hanging over the industry reducing CBD to isolate only. The CTA held talks with senior civil servants and others to ensure Full Spectrum CBD products would be able to be included in the FSA process. Recent positive pronouncements from Chris Philp (Policing Minister) regarding CBD this year started then.

Advocacy and Policy Development: We have been instrumental in influencing policy decisions, engaging with policymakers through the FSA, VMD and the APPG Secretariat Advisory Board, and representing our members’ interests at various governmental levels. Our efforts have contributed to the FSA clarifying this position and moving the novel foods process to a more sustainable and practical process.

Education and Awareness: Recognising the importance of informed stakeholders, we have launched several initiatives aimed at educating the industry about the benefits and regulations involved in this sector. Our **Member Drop In Session, Professional Series webinars (Global Cannabinoid Solutions Chris Tasker) being one, sector surgeries, and industry updates** have reached a wide audience, fostering a more knowledgeable and responsible industry. The movement to CBD as a Food Ingredient will be enormous for the industry and suppliers to the Food Sector will need to ensure their supply chains and consumer safety at every point.

Membership: In 2022/23 we've saw a reduction in membership numbers and income from membership due to ‘smaller memberships’ dropping off having gone out of business, however with cost savings we reduced the years losses by £9k on the previous year. We also attracted larger businesses and international members which indicated a growing interest and confidence in the UK hemp and cannabis sector.

Our diverse membership base, ranges from manufacturers, distributors, to retailers, has benefited from our extensive network, and our B2B resourcefulness.

International Collaboration: Understanding the global nature of the cannabis industry, we encouraged international membership. We were open to Inward investors who were unable to invest due to POCA.



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Challenges

The path has not been without its challenges. Regulatory hurdles, market volatility, and the ongoing need for political education have tested our resolve. Financial issues dogged us and a series of cost cutting exercises and membership drives kept the CTA solvent whilst the sectors reorganised themselves.

A general election this year does not help our sectors.

Financial Report

Post Covid and past financial crisis, we have managed to reduce costs, pay our debtors, Bounce-back loan and taxes on time, whilst steadily building our membership once more. Our new Financial Year now coincides with the Tax Year 31st March, so you may have noticed this is not the Year End yet!

In 2022/23 the CTA reduced our losses by £9k due to strict cost cutting and efficiency measures.

Looking Ahead

As we look to the future, our focus will be on further easing the regulatory environment, and fostering a sustainable and ethical SELF-REGULATING cannabis industry.

We believe that the CBD market is set to grow as CBD becomes an accepted food ingredient and a lighter touch from the FSA

Lighter regulatory touch from the FSA and VMD with rapid growth for hemp and CBD products for animal and pet welfare.



Supply chains and additional production will need to be added to meet market growth both for CBD as a food ingredient and for medicinal purposes.

Consumer Safety across all sectors will become increasingly important and we will be launching the Probity Mark in the new financial year aimed at helping consumer choice.

The CTA is committed to advancing research, improving product standards, increasing consumer safety and expanding the CTAs Reach and Influence in support of our industry's growth and maturation.

- CBD as a Food ingredient – in all forms (supply will become a pressing issue) CBD for Animals – Working with David Hartigan of Hemp Heroes Rep Ireland and animal trials.
- Medicinal cannabis supply & distribution, applications, innovation and growth
- Helping Farming Groups to secure contracts to grow Industrial Hemp
- Working with devolved governments and Channel Islands who are the 'testing grounds' for hemp and cannabis
- Working to support Consumer Safety.
- Creating a sustainable growing self-regulating market.
- Fostering a positive Regulatory environment.



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- Sharing knowledge with the enforcement community to create better understanding of the legal and regulated cannabis sector.

New for our Members:

Better value Banking and specialist cannabis company insurance.

Member referral programme.

Pre-Application Form so all new member companies are cleared by the board prior to joining the CTA.

More Networking events and **CTA Zones** at key exhibitions (subject to cost and uptake)

Specialist surgeries covering topics affecting our members or the sector

Blogs and more effective PR & Social Media campaigns

Highlighting our members achievements

‘In the works’ a Probity Mark Consumer Assurance programme and much more

Conclusion

In closing, I extend my heartfelt thanks to our members, partners, my directors team and stakeholders for their unwavering support and commitment. Together, we have made significant strides, but there is still much work to be done.

I am confident that with our collective efforts, the future of the legal cannabis industry in the UK is looking brighter and are poised to take a bounce!

Acknowledgements

Special thanks to my colleague Sian Phillips and the entire board for their leadership and dedication to the CTA and the wider industry. Their contributions have been invaluable in navigating the complexities of our industry and in steering the CTA towards a prosperous and effective future.

We look forward to another year of achievements, challenges, and opportunities as we continue to shape the legal cannabis industry in the UK for our UK and International supply chain members.

Marika Graham-Woods

Chairman and Executive Director

Cannabis Trades Association (CTA)



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