



How Can Cannabis Industry Inclusion and Diversity Be Pursued in Ontario?

Strategic Priorities and Considerations from “Towards a More Equitable Cannabis Industry in Ontario: Enabling an Inclusive, Diverse, and Vibrant Legal Market”

In contrast to the disproportionately Black and Brown faces who were casualties of cannabis prohibition, Canada’s legal cannabis industry is overwhelmingly dominated by white faces. While the implementation of a regulated cannabis industry was driven primarily by its potential public health and public safety benefits, reducing the burden placed on the individuals criminalized for cannabis offences also served as an impetus for change. However, unlike in the United States, Canadian jurisdictions have not yet prioritized equity initiatives to support the inclusion of underrepresented groups – with a focus on people adversely affected by cannabis prohibition – in the employment and economic opportunities emerging from the legalization of cannabis.

Diversity in the leadership of Ontario’s legal cannabis industry is critical to ensure that equity-deserving groups – including women, 2SLGBTQ+ people, people with disabilities, and with particular emphasis on people disproportionately harmed under cannabis prohibition, namely, Black and Indigenous people, as well as those with prior cannabis offences – are not excluded from the industry. Drawing from measures taken by some jurisdictions in the United States, Ontario should adopt and adapt social equity programs that provide targeted avenues of entry into the legal cannabis industry, as well as provide financial and related business support, for members of equity-deserving groups. However, considering the saturation of the cannabis retail market throughout Ontario, particularly in specific municipalities, it may be more suitable in the short-term to create new opportunities for inclusion outside existing cannabis retail licences and authorizations. Establishing new opportunities for cannabis retail in Ontario for equity-deserving groups could enable increased participation from diverse groups that are currently unable to participate in the legal cannabis industry due to barriers to entry. Over the long run, the adoption of social equity programs to diversify the broader legal cannabis industry may be more viable. Importantly, efforts to promote diversity in the existing industry, as well as to monitor progress in enhancing diversity, should also be advanced.

Our evidence-informed strategic priorities and considerations to strengthen inclusion and diversity of equity-deserving groups in Ontario’s cannabis retail sector are detailed below. Different stakeholders – including provincial policymakers, the Alcohol and Gaming Commission of Ontario (AGCO), the Ontario Cannabis Store (OCS), and cannabis retail licence and authorization holders – will be relevant across the strategic priorities and considerations, and in some cases are specified.

For more information, refer to the full report:

Maghsoudi, N., Owusu-Bempah, A., Werb, D. Towards a More Equitable Cannabis Industry in Ontario: Enabling an Inclusive, Diverse, and Vibrant Legal Market. Toronto: Centre on Drug Policy Evaluation, 2025.

<https://cdpe.org/publication/ontario-inclusive-diverse-cannabis-market/>



New Pathways into Ontario's Legal Cannabis Industry for Equity-Deserving Groups

Provincial policymakers and the AGCO will be especially relevant to the evidence-informed strategic priorities and considerations within this domain.

- Create and develop **new licences/authorizations to permit cannabis retailers that operate entirely or predominantly as delivery businesses, prioritizing equity-deserving groups as exclusive or priority applicants**. Allow **delivery businesses to provide third-party delivery services** to existing cannabis retail licence and authorization holders.
- Create and develop **new licences/authorizations to permit cannabis retailers that operate cannabis consumption establishments, prioritizing equity-deserving groups as exclusive or priority applicants**.
- Design and implement **social equity programs, per below, to accompany new licences/authorizations for delivery businesses and/or cannabis consumption establishments** that prioritize equity-deserving groups as exclusive or priority applicants.

Social Equity Programs to Facilitate Access to Ontario's Legal Cannabis Industry

Provincial policymakers and the AGCO will be especially relevant to the evidence-informed strategic priorities and considerations within this domain. Some are also relevant to the OCS given activities conducted to date.

- Define **qualifying criteria** for applicants to social equity programs, including eligibility based on:
 - a) **Qualifying populations according to race/ethnicity, Indigenous ancestry, gender identity, sexual orientation, and disability status:** Individuals who are part of qualifying populations currently underrepresented in leadership positions in the legal cannabis industry, namely women, 2SLGBTQ+ people, people with disabilities, and with particular emphasis on people disproportionately harmed under cannabis prohibition, namely, Black and Indigenous people.
 - b) **Previous cannabis offences:** Individuals – as well as the parents, legal guardians, siblings, spouses, children, or minors in the guardianship of such individuals – with prior drug offences, including for cannabis.
 - c) **Residency in a disproportionately impacted area and low income:** Individuals living below the area median income who reside in geographic areas that are economically disadvantaged (i.e., high rates of poverty, unemployment) and have been disproportionately affected by law enforcement activities (i.e., high rates of arrest, conviction, incarceration) related to drug criminalization, including for cannabis.
- Prioritize granting cannabis retail licences and authorizations to social equity applicants by **setting benchmarks for the percentage of licences/authorizations to be issued to social equity applicants** and providing **targeted technical support** for social equity applicants throughout the application process as well as **priority processing of their applications** during the AGCO's review process for granting licences/authorizations.



- Provide financial assistance to social equity applicants by **waiving or reducing licensing fees (i.e., application and renewal fees)** for cannabis retail licences and authorizations, as is the case for cannabis retail stores on First Nations reserves.
- Provide opportunities for financial support to social equity applicants in the form of **grants, microloans, and no- or low-interest loans**. Continue the provision of equity and access grants by the OCS to equity-deserving groups.
- Expand the **wholesale rate adjustment on cannabis products sold by the OCS to equity-deserving groups** with cannabis retail licences and authorizations, as is the case for cannabis retail stores on First Nations reserves.
- Accompany the provision of financial support to social equity applicants with **business support, including training and technical assistance** (e.g., regulatory compliance, securing capital), as well as **low-barrier access to industry opportunities** (e.g., conferences, events, tradeshow, mentorship), to equip them with the knowledge and skills to successfully lead their business. Continue the provision of CannSell training vouchers by the OCS to equity-deserving groups.
- Develop **business support initiatives that leverage peer support, such as in the form of accelerator programs** which initiate partnerships between social equity applicants and established cannabis firms (including those from equity-deserving groups) to provide the resources and tools required to enter and navigate the cannabis industry.
- Enhance **targeted financial and business support for racialized people, women, as well as people with disabilities**, and other equity-deserving groups that report facing increased barriers, to encourage more equitable distribution of opportunities.
- Fund social equity programs using a **dedicated percentage of provincial cannabis tax revenues, while ensuring that a minimum comparable level of funding is guaranteed** independent of tax revenues.

Diversity Among Ontario's Broader Legal Cannabis Industry

The AGCO, the OCS, and cannabis retail licence and authorization holders will be especially relevant to the evidence-informed strategic priorities and considerations within this domain.

- Continue including **supporting diversity and inclusion in Ontario's cannabis industry as a key pillar in future iterations of the Social Responsibility Strategy for the OCS**.
- Continue emphasizing the **value in diversifying the makeup of leadership of cannabis retail licence and authorization holders** in industry and public facing communications and events by the OCS.



- Require cannabis retail licence and authorization holders to **develop and submit positive impact and diversity plans as a condition of licensure**.
- Provide **financial and other incentives for the adoption and successful implementation of diversification strategies** by cannabis retail licence and authorization holders. For example, waiving licensing fees could act as a strong incentive to make progress towards diversity targets, as could the development of certifications to distinguish those prioritizing diversity, equity, and inclusion.
- Provide financial and related support for the **provision of educational initiatives by members of equity-deserving groups** to cannabis retail licence and authorization holders, as well as potential cannabis retail licence and authorization holders from equity-deserving groups. Leverage storytelling and artistic approaches to support such educational initiatives.

Systematic Data Collection to Monitor Diversity in Ontario's Legal Cannabis Industry

Provincial policymakers and the AGCO will be especially relevant to the evidence-informed strategic priorities and considerations within this domain. Some are also relevant to the OCS given activities conducted to date.

- Continue **routinely collecting demographics information** on cannabis retail store owners through the Retail Diversity Survey conducted by the OCS to monitor progress in improving diversity, including race/ethnicity, Indigenous ancestry, gender identity, sexual orientation, and disability status. Such routine collection of demographics information could also be conducted by the AGCO instead. Consider allowing respondents to further specify their cultural and national backgrounds to avoid treating race/ethnicity, as well as Indigenous ancestry, groupings as monoliths.
- Ensure the **timely public release of demographics data** from the Retail Diversity Survey in a manner that protects the identity of individuals.
- Require cannabis retail licence and authorization holders to **collect and report demographics information of their leadership as a condition of licensure** through the Retail Diversity Survey, thereby expanding its sample size.
- Continue including **supporting diversity and inclusion in Ontario's cannabis industry as a priority for financial support for community projects and research initiatives from the OCS through the Social Impact Fund**. Make the outputs of these projects and initiatives available to the public.