

How Diverse is Canada's Legal Cannabis Industry?

Examining Race and Gender of its Executives and Directors

Importance of this project

- Laws criminalizing cannabis possession for personal use have had a disproportionate negative impact on Black, Indigenous, and People of Colour (BIPOC) in Canada. For example, recent data show that Black and Indigenous populations are substantially overrepresented in cannabis possession arrests in Canada.¹
- In October 2018, Canada became the second country to nationally regulate recreational cannabis production and sales. Many heralded the promise of this newly legal industry as an opportunity to rectify the injustices experienced by BIPOC under cannabis prohibition.
- The aim of this project was to examine the *race and gender of c-suite level executives and directors of licensed producers² and parent companies³ operating in the Canadian cannabis industry*, in order to assess whether the promise of an equitable legal cannabis market has been achieved.

How this project was conducted

- We systematically assessed publicly available information on all individuals occupying positions with the greatest financial stake – namely, executives and directors – of licensed producers and their parent companies in Canada's legal cannabis industry.
- We extracted data on perceived race and gender using a standardized protocol carried out by two of four independent and randomly assigned reviewers, with a senior author resolving conflicts.
- We statistically analyzed the data to determine overall race and gender diversity in the leadership of Canada's legal cannabis industry.

What this means for public policy

- Our analysis shows that Black and Indigenous people, and women, are vastly underrepresented in leadership positions in the Canadian cannabis industry, when compared to their representation in the general population.⁴ Conversely, White men are overrepresented.
- While there have been some limited initiatives to facilitate greater industry diversity, there is a notable absence of government regulation and adoption of programs that would structurally address the underrepresentation of racialized groups that were disproportionately targeted and punished under prohibition.
- Federal, provincial/territorial, and municipal governments in Canada should adopt social equity programs that provide targeted avenues of entry into the cannabis industry, and provide related business and financial support for members of underrepresented groups, similar to those instituted in California, Massachusetts, and Illinois.⁵
- Tax revenue generated from legal cannabis sales can be used to support the creation of social equity programs.
- Private actors in the Canadian cannabis industry should recognize the value in diversifying the racial and gender makeup of executives and directors, and adopt strategies to achieve such diversification.

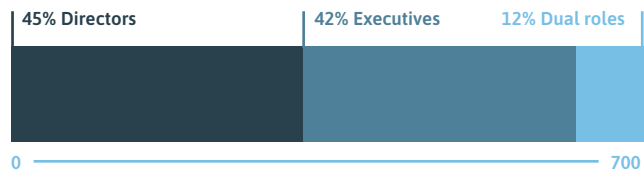
Bottom line

Diversity in the leadership of Canada's legal cannabis industry is critical to ensure that historically overcriminalized racialized groups are not excluded. Much work remains to achieve a "diverse, competitive and legal industry."⁶

What this project found

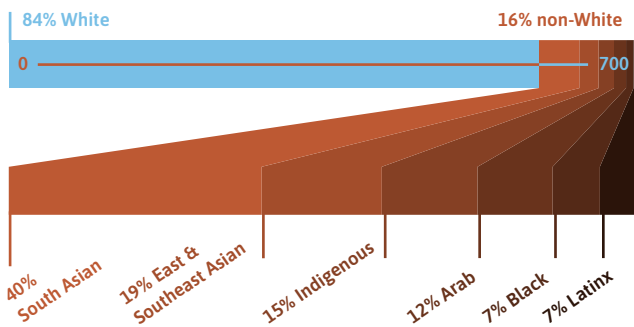
- We screened 185 licensed producers and 57 parent companies.
- We included 222 organizations – 166 licensed producers and 56 parent companies – and 700 executives and directors (42% executives, 45% directors, 12% dual roles) in our analysis.

Total = 700

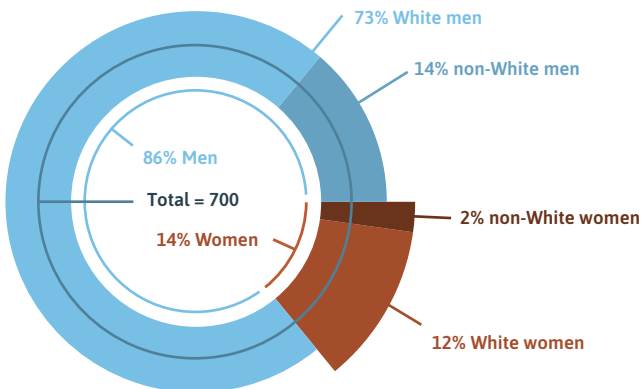


Race & gender

Total = 700

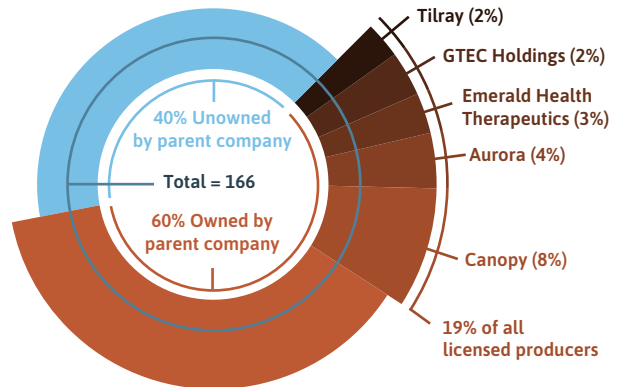


- Overall, 84% of cannabis industry leaders were White and 16% were non-White.
- Non-White cannabis industry leaders included 6% South Asian, 3% East and Southeast Asian, 2% Indigenous,⁷ 2% Arab, 1% Black, and 1% Latinx.⁸



- With respect to gender, 86% were men and 14% were women.
- Taking race and gender together, White men (73%) featured most commonly among executives and directors, followed by non-White men (14%), White women (12%), and non-White women (2%).⁸

Ownership



- 60% of licensed producers were owned by a parent company, whereas 40% were not. Parent companies owned on average 1.8 licensed producers (range 1-13), with 63% owning only one licensed producer. The five parent companies owning the highest numbers of licensed producers had a stake in ownership of 32% of licensed producers with parent companies and 19% of all licensed producers.

Endnotes

- Owusu-Bempah, A. & Luscombe, A. (Forthcoming). Race, Cannabis and the Canadian War on Drugs: An Examination of Cannabis Arrest Data by Race in Five Cities. *International Journal of Drug Policy*.
- Producers licensed by Health Canada under the *Cannabis Act and Regulations* as of August 13, 2019.
- Only direct ownership parent companies were included, meaning any organizations controlling parent companies were not included.
- Representation in the general population vs. leadership positions in the Canadian cannabis industry: White: 73% vs. 84%; South Asian: 6% vs. 6%; East and Southeast Asian: 9% vs. 3%; Indigenous: 5% vs. 2%; Arab: 2% vs. 2%; Black: 3% vs. 1%; Latinx: 1% vs. 1%. Modified from: Statistics Canada. (2017). Census Profile. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Available: <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>.
- Adinoff, B., & Reiman, A. (2019). Implementing social justice in the transition from illicit to legal cannabis. *The American Journal of Drug and Alcohol Abuse*, 45(6), 673-688.
- Health Canada. (2018). Health Canada announces regulations to support the Cannabis Act. Available: <https://www.canada.ca/en/health-canada/news/2018/06/health-canada-announces-regulations-to-support-the-cannabis-act.html>.
- Majority of Indigenous individuals are from the Assembly of Nova Scotia Mi'kmaq Chiefs, who own a 51% stake in AtlantiCann, a licensed producer. If the Assembly of Nova Scotia Mi'kmaq Chiefs is removed from the analysis, Indigenous individuals account for only 0.6% of the total and 4% of non-White cannabis industry leaders.
- Some totals do not add up to 100% due to rounding.

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