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Graham Taylor, president and CEO of Rogue Processing, displays a compostable mailer and a recyclable peel-top can in the company's Niverville cannabis processing facility, which is the first in the province to offer nitrogen-infusion packaging.

Niverville cannabis processor prioritizes growers, planet

by JORDAN ROSS

A Niverville-based cannabis processor has become the first in Manitoba to offer a nitrogen infusion packaging system designed to seal in freshness, all while pioneering a grower-centric business model that includes an eco-friendly focus.

Rogue Processing has recently began scaling up operations after completing a 'soft launch' phase that followed the arrival of its federal cannabis processing licence on Sept. 2.

"It was a relief, but also just the beginning," president and CEO Graham Taylor said of receiving the licence, which allows Rogue to offer their packaging services to cannabis producers.

Rogue secured the required municipal approvals from Niverville council in August 2021. That same month, the company began leasing space and set to work installing the rigorous site security measures needed to satisfy regulators.

By November 2021, the facility was finished. Taylor submitted the federal licence application in January, beginning what he hoped would be no more than a six-month wait to become the first dedicated cannabis co-packing facility in Manitoba.

The wait turned out to be closer to nine months, but now, with five clients on board and expansion plans on the horizon, Taylor is focused on the future, not the past.

Holding a peel-top aluminum can in a small office attached to the company's processing area, Taylor explained the benefits of Rogue's nitrogen infusion packaging system, which cannabis processors have imported from the processed food industry.

"Nitrogen is heavier than air, so when you add it to the container, it displaces the air that's in the container, and then when you seal it, it locks air out," he said. "It's as fresh as when it went in."

While retail cannabis doesn't carry an expiration date, Taylor said it gradually loses freshness and potency over time if exposed to oxygen.

Growers like nitrogen infusion because their product doesn't degrade over time. Retailers like it too because, in the saturated retail cannabis market, product sometimes sits on the shelf for a while.

The cans have another advantage: they're fully recyclable.

"A lot of cannabis packaging claims to be recyclable, but it's not recycled," Taylor said.

Industry-standard plastic pouches wind up in the landfill, where they break down into microplastics. And unlike a rigid can, the pouches don't protect their contents against compression during transport.

In addition to the cans, Taylor has also sourced compostable mailers for pre-rolled cannabis cones, which are becoming an increasingly popular alternative to rolling your own. Taylor said cannabis consumers are mindful of sustainability so packagers must be too.

"We care about the footprint that we're leaving," he said. "We want to reduce the amount of plastic packaging that we are using."

Rogue's brightly lit, 1,600-square-foot processing facility caters to smaller craft cannabis producers. It is equipped to process whole cannabis flowers, pre-rolled cones, and milled cannabis.

The canning line is currently semi-automated but will eventually be fully automated. Early next year, Taylor plans to add a fully automated machine for filling pre-rolled cones, but some of the details are a closely guarded secret.

"It will put us amongst the most competitive pre-roll producers, which is where the industry is shifting, really," he said.

To preserve his company's edge in a competitive mar-

ket, Taylor wouldn't disclose the facility's daily processing capacity or where his new equipment is manufactured.

Rogue's presence in Niverville means Manitoba growers will no longer have to send their product outside the province to be processed. That means big savings in shipping costs. Taylor said it also reduces the industry's carbon footprint.

Rogue's business model is intended to address what Taylor sees as a fundamental problem plaguing cannabis processing: licensed growers abound, but few want the hassle of handling packaging too.

"A lot of growers are really passionate about the plant," Taylor explained. "They consider themselves farmers and that's where they want to spend all of their time."

That leads many growers to sign contracts with dedicated processors who offer co-packing services. Those contracts, Taylor said, often contain terms that are unfavourable to the grower, locking them in to inflexible pricing and profit-sharing structures that take a big bite out of the grower's bottom line.

"They have these predatory service agreements that lock you in for the long term," Taylor said. "We wanted to give the power back to the growers and just have this supportive, sustainable model."

Rogue allows clients to come onboard without being locked into a contract. It charges clients on a fee-for-service basis.

"It's a low-cost fee per unit, with no long-term obligations to the clients, and there's no minimums," Taylor said.

Rogue doesn't even get paid until the packaged product sells, meaning lower up-front costs for growers. Taylor said aligning the interests of growers and packagers benefits both in the end.

"If we pin these growers against the wall and fleece them of all their profits, then we lose clients because they go out of business," he said. "If we come up with a sustainable model where they thrive, then so will we."

Rogue's five clients are all Manitoba craft producers. An innovative website allows clients to track their orders in real time.

Rogue Processing employs five full-time staff and a rotation of casual staff, some of whom shift over to the processing side from Rogue Botanical, a nearby craft cannabis cultivator, after the growing season ends. Taylor said Rogue Botanical's own cannabis accounts for about 20 percent of Rogue Processing's total processing activity.

Taylor's path into cannabis entrepreneurship wasn't a direct one. Born in B.C. and raised in Winnipeg, he obtained a psychology degree before an interest in business led him into restaurant franchises. Before long he was running three Booster Juice locations and a Freshii.

Eventually, a desire for a new career challenge led him to sell everything and enrol in a master of business administration program at the Asper School of Business. He became an early investor in Rogue Botanical, and later leapt at a chance to spearhead Rogue Processing.

Married with three children, Taylor has managed to turn his business plan into a reality while completing his studies.

His vision for the company received a big boost earlier this year, when he placed first in a graduate business plan competition, besting teams from larger U.S. universities to win a \$20,000 cash prize.

Niverville is just three years removed from a divisive plebiscite on cannabis retailing, but Taylor said the town has been a great home to Rogue.

"It's growing, it's very supportive of business, and it was really easy to get the permits and the support from the community for this type of business here," he said.

"We're paying Niverville rent as opposed to big city rent, and yet we're close to the big city."