



# Guidance for Industrial Hemp Application and Licensing

Version (4)

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## Version Control

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V1.0	12 January 2021	Issued
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V4	01 July 2022	New regulation changes added

## Terms & Abbreviations

2020 Regulations	Misuse of Drugs (Cannabis) Regulations 2020
2022 Season	1 January 2022- 31 December 2022 inclusive
Active Part/ Product	Any part of the cannabis plant or cannabis derived product that contains more than trace amounts of cannabinoids, i.e. flowers, stems and buds or end products of these parts
Biomass	Harvested cannabis plant material (excluding fibres, hemp hurds or other plant material containing low traces of cannabinoids)
Cannabis	Any plant of the genus <i>Cannabis</i>
Cannabinoids	Chemicals found in varying levels in cannabis including THC and CBD
Cannabis Derived Products	A substance derived from cannabis biomass (excluding fibres, hemp hurds or other plant material containing low traces of cannabinoids) or a combination of this and other substances
CBD	Cannabidiol a chemical found in plants of the genus <i>Cannabis</i> that is reported to have medicinal and therapeutic benefits
Commission	The board of the GSC who uphold the statutory obligations and oversee the licensing and supervisory decisions made by the GSC
Controlled Cannabinoids	Chemicals such as THC outlined in the UK Misuse of Drugs Act 1971 as controlled substances
Cultivate	Raising plants including propagation and pruning up to but not including harvest
DfE	Isle of Man Department for Enterprise
Extraction	Process that removes cannabinoids from biomass but does not include removing plant parts for sale
GSC	Isle of Man GSC
Harvesting	All steps taken after cultivation (besides pruning) to remove plant parts before extraction
High THC Cannabis	Cannabis with a THC content of above 0.2% in a mature plant
Hurds	Woody inner part of the hemp stalk
Industrial Hemp	Cannabis with a low THC content prescribed as being 0.2% or less than 0.2% in a mature plant
Inspectorate	The staff of the GSC managed by the Chief Executive
Key Personnel	Anyone important to the operation of the business, ire nominated individual or person responsible for compliance, security, etc.
Low THC Cannabis	Cannabis with a THC content of 0.2% or less in a mature plant, also referred to in this document as Industrial Hemp

Manufacture	Steps taken after extraction to create a cannabinoid based product
POCA	Proceeds of Crime Act 2008
Responsible Person	The named authorised individual responsible for a licence
Source of Funds	Origin of funding for a proposed activity i.e. where that funding will come from initially, e.g. bank account, credit card.
Source of Wealth	Origin of how funds were obtained, e.g. through savings, inheritance, loans etc.
THC	Tetrahydrocannabinol, a psychoactive chemical found in plants of the genus Cannabis
UN Single Convention	United Nations Single Convention on Narcotic Drugs 1961, an international treaty prohibiting production of specific drugs except under licence for specific purposes
With Use Licence	A licence allowing the cultivation of Industrial Hemp including the utilisation of the active parts of the plant for prescription medications only
Without Use Licence	A licence allowing the cultivation of Industrial Hemp that will require the complete destruction of all the active parts of the plant

## Introduction

### 1.1 About this document

This document has been produced by the GSC to provide guidance to interested parties on the process for licensing and ongoing supervision of low THC cannabis referred to in this document as Industrial Hemp.

Separate guidance is available for the licensing and supervision of high THC cannabis.

Application forms and guidance are colour coded and labelled for ease of reference. Please make sure you are using the correct application forms and guidance as any mistakes could delay an application.

The flow chart shown at [1.2 What Kind of Licence do you need](#) should assist in deciding which licence to apply for and more information on the permissions granted for each licence can be found in their respective guidance and application forms, or in Schedules 1 & 2 of the Misuse of Drugs (Cannabis) Regulations 2020 (2020 Regulations). If, after reading this guidance, there is any doubt as to which licence is relevant to your business, please contact [canna@gov.im](mailto:canna@gov.im) for further assistance.

Unless granted a licence, it is an offence on the Isle of Man under the Misuse of Drugs Act 1976 to possess, supply, produce, import or export cannabis and cannabinoids as controlled substances or to cultivate any plants of the genus Cannabis which includes Industrial Hemp.

The content of this guidance does not constitute legal advice. For the avoidance of doubt, it is recommended that independent legal advice is obtained to ensure compliance with all relevant legislation.

#### A licence is not required for –

- Possession, import and export of cannabis seeds
- Postal services, couriers, airlines and shipping moving controlled cannabinoids to and from the Isle of Man in the course of their business to and from a licensed recipient<sup>1</sup>.

The Isle of Man's cannabis licensing framework permits the issuing of licences where the products produced have a medicinal or research application.

## 1.2 Licence Types

I want to grow Low THC cannabis	Industrial Hemp Licence	IH
I want to grow High THC female cannabis plants	Cannabis Licence	C
I want to grow male or female cannabis plants for research use only	Research Licence	R
I want to transport and store cannabis independent of cultivation	Transport Licence	T
I want to process or extract cannabinoids from biomass cannabis	Extraction Licence	E
I want to import or export cannabis to / from the Isle of Man	Import / Export Licence	IE
I want to analyse cannabinoids on behalf of others	Analysis Licence	A
I want to manufacture cannabis derived products	Manufacture Licence	M
I want to possess seeds to use other than cultivation	No Licence	

## 1.3 About the GSC

The GSC is an independent statutory board of Tynwald, the Island's parliament, and comprises of the Inspectorate and the Commission. The Inspectorate is managed by the Chief Executive of the GSC.

The Commission consists of various independent members drawn from relevant professions and backgrounds. Typically monthly hearings are held by the Commission to review and make licensing and supervision decisions supported by recommendations by the Inspectorate. More information on the board members and meeting dates can be found on the GSC [website](#).

The GSC has responsibility for the licensing and supervision of cannabis cultivation, production, manufacture, import and export.

Licences are available for the cultivation of high-THC cannabis for medicinal and research purposes.

The mandate to licence and supervise specific controlled substances, namely cannabis, has been given to the GSC by the Transfer of Functions (Cannabis) Order 2020. The types of licences that can be issued and the relevant fees are set out in the 2020 Regulations. Licensing and oversight of the activity described in this guidance sits solely with the GSC.

The GSC is available 9:00am to 5:00pm Monday to Thursday and 9:00am to 4:30pm on Friday and can be contacted via phone on +44 (0)1624 694331 by e-mail at [canna@gov.im](mailto:canna@gov.im) or at the address below -

Cannabis Licensing & Supervision Team  
Isle of Man GSC  
Ground Floor  
St. George's Court  
Myrtle Street  
Douglas  
IM1 1ED

## 1.4 The GSC's Mission

For the high-THC cannabis sector, The GSC's mission is to apply government control to cannabis-related activity in the Isle of Man, related to medicinal and research purposes. This is in order to safeguard the Isle of Man's obligations relative to international treaties and obligations.

To achieve this, the GSC has been supplied with a mandate to prevent the misuse of cannabis and related controlled substances. The GSC's aims are to—

- Ensure that cannabis in the Isle of Man is only produced for medicinal or research applications
- Prevent the introduction of products to the market that contain harmful substances.

## 1.5 Low THC Cannabis

Tetrahydrocannabinol (THC) is a chemical found in plants of the genus Cannabis that has certain psychoactive properties. Low THC Cannabis also known as Industrial Hemp is a variety of cannabis that contains extremely low amounts of THC and is primarily an industrial product. It can be used to produce textiles, building materials, paper and foods along with various other products. Low THC cannabis is defined in the 2020 Regulations as that equal to or not exceeding 0.2% THC in a mature plant. In order to grow Industrial Hemp legally a licence is required for cultivation and depending on the purpose of cultivation will determine which type of licence will be required.

### 1.5.1 Industrial Use

Due to its low THC content, Industrial Hemp is not sought after for recreational purposes and therefore the risk of its diversion for unlicensed use is deemed as low. Where there is no intention to use the active parts of the plant, (flowers, leaves and buds) the GSC will be proportionate in its supervisory measures. By supervising based on risk the GSC can target its resources to where there is the greater potential for risk to the sector and the jurisdiction.

Individuals cultivating Industrial Hemp who will not be using the active parts of the plant will be required to apply for a Without Use Licence. With this type of licence all active plant parts must be destroyed after harvesting. Any change of end use or misleading information regarding the use of active parts under a Without Use licence would expose the licence holder to possible enforcement and prosecution.

### 1.5.2 Medicinal Use

The active parts of the Hemp plant contain more than just trace amounts of Cannabidiol (CBD) a chemical that is reputed to have medicinal use and contains no psychoactive properties.

Where the intention is to cultivate Industrial Hemp to produce CBD for medicinal use only, a With Use licence will be required allowing growers to harvest and supply the active parts of the plant (Biomass).

Supervision and controls will be more focused for this type of crop as cultivation for high CBD will result in a greater risk. With Use cultivation must be aligned with any crown dependency obligations under the United Nations Single Convention on Narcotic Drugs 1961 (UN Single Convention). This is because the active parts of the Industrial Hemp plant contain trace amounts of controlled substances outlined under the convention and these active parts are not destroyed following harvest.

On application it will be necessary to clearly detail the end use of the crops to be cultivated and demonstrate how any active plant parts will be dealt with.

For more information on both With Use and Without Use licences see [1.5 Industrial Hemp Licensing](#).

## 1.6 Industrial Hemp Licensing

### 1.6.1 CBD for medicinal use

The GSC's licensing framework allows for two tiers of Industrial Hemp cultivation—

- Industrial Hemp Without Use – cultivation that results in the destruction of the active parts of the plant (flowers, stems and buds) and can yield a fibre or industrial material crop
- Industrial Hemp With Use – cultivation that utilises the active parts of the plant to produce a CBD crop for medicinal use only

Licensing of Hemp for CBD production (With Use) and for medicinal use only requires further checks and balances to ensure it does not impinge on our requirement as a crown dependency to maintain compliance with the UN Single Convention. As such With Use licences may require additional approvals and will require a clearly defined route to market to be approved prior to licensing. Any applicants seeking a With Use licence will be expected to demonstrate how and to where the product will be exported and for what use, again medicinal use only.

Currently the Isle of Man has a strict policy prohibiting male plants set out by Department for Enterprise (DfE). This means the growing of male plants anywhere on the Island is not permitted and licence holders are required to take all steps to ensure male plants (or intersex hermaphrodite plants capable of pollinating the female crop) are immediately removed from crops, along with any pollinated female plants, and destroyed. Limited licensing of male plants for indoor cultivation is permissible for research purposes only. Further information on this policy can be sought from DfE.

Under each licence type the following is permissible—

Licence Type	Cultivation	Harvest	Possession	Supply/offer to supply active part/product
Cultivation of Industrial Hemp Without Use	Yes (female only)	Yes	For transport and storage	Only to put out of the use of humans or other animals
Cultivation of Industrial Hemp With Use	Yes (female only)	Yes	For transport and storage	Yes for low THC cannabis and low THC derived biomass for use in prescription medication

**Important:** Licensing of Hemp for CBD production for medicinal products (With Use) requires further checks and balances to ensure it does not impinge on any obligations under the UN Single Convention. As such, With Use licences may require additional approvals and will require a clearly defined route to market to be approved prior to licensing. Any applicants seeking a With Use licence will be expected to demonstrate how and to where the product will be exported and for what use prior to an application being processed.

Additional licences will be required for—

- Cultivation of High THC Cannabis
- Transportation and storage of cannabis and cannabis products not occurring as part of a cultivation licence
- Import/Export to and from the Isle of Man of cannabis, cannabis biomass, a cannabis derived product or any preparation containing controlled cannabinoids or extracted from biomass
- Extraction of cannabinoids
- Manufacturing cannabis derived products
- Possession of cannabis products/biomass for analysis.

More information on licence fees can be found at [2.2 Fees](#).



## 2. Application

### 2.1 Requirements

The GSC's requirements of the application process are listed below along with a description of the checks carried out by the GSC to ensure the safety and reputation of the Island. Additional checks may be carried out, including checks that refer applicant information to trusted third parties. Please refer to the GSC Integrity Guidance and GSC Privacy Notice.

The elements that are generally required for a licence application are listed below along with the normal checks carried out by the GSC to ensure the safety and reputation of the Island and the industry. These checks ensure that the GSC's primary regulatory objective of preventing the misuse of cannabis, and related controlled substances is upheld and maintain the following regulatory purpose—

- To ensure the reputation and sustainability of the industry by keeping it free of criminal influence
- To ensure the reputation of the Island and its licensing regime in order to facilitate a stable business environment
- To protect the young and vulnerable and ensure our community and those we deal with are safe from harm

Any business or individual seeking a licence will need to provide the following as part of the application process -

- Application Form that is split into the following sections—
  - **Application Details**
    - What type of licence is being applied for
    - Whether the applicant is a business or an individual
    - Whether a first year licence or renewal (different fees apply for the first year's application See [2.2 Fees](#) for more information)

**Individual Details** of the Responsible Person – the individual/ business representative seeking to cultivate industrial hemp (this will be the person with direct responsibility for any licensable activity and will be required to demonstrate some experience and understanding of agriculture and/or the cannabis industry)

- **Business/Organisation Details** if the Responsible Person is applying on behalf of a business. Proof of incorporation will be required, for more information see [2.1.2 Business Checks](#)—
  - Details of anyone who may exercise control over a business this includes—
    - Beneficial owners
    - Shareholders with over 20% shareholding
    - Directors
    - Trustees (Registered Charity)

*Each of the individuals named in this section will be required to fill in a Personal Declaration Form.*

- For large or complex structures and business models the GSC will expect further information such as—
  - Group structure chart
  - Register of Shareholders
  - Details of how the business will be funded i.e. start up and running costs
  - Proof as to the availability and source of the funds/wealth to be utilised for the business

<sup>3</sup> Under the Proceeds of Crime Act 2008 (POCA) funds, that derive from activity that is legal in another jurisdiction but not currently on the Isle of Man will be treated as proceeds of crime where the overseas conduct defence is not applied. At present proceeds from business such as recreational cannabis related activity, which may be legal elsewhere, cannot be accepted as a source of funding/wealth as part of an application/business model.

- **Other Individuals**, details of other key persons involved in the operation of the licence holder—
  - With responsibility for regulatory compliance
  - Tasked with site security
  - Nominated contact

*These roles could be carried out by the Responsible Person however in a larger more complex operation it would be expected that sufficient resource is available to manage extensive sites and more complex compliance requirements. A Personal Declaration Form will be required to be filled in by each individual named in this section.*

- Designated as a nominated contact, this is an individual with delegated responsibility to interact with the GSC on behalf of the Responsible Person
- **Other Licences** held by the applicant or responsible person that may be relevant, for instance a cultivation licence in another jurisdiction
- **Activity**, a brief outline of activity for Without Use applicants and a more thorough outline in the form of a business plan for With Use applicants including—
  - Planting/harvesting schedule
  - Third parties involved in the operation including contractors e.g. transport, security, machinery operators etc.
  - Details of the end use of the material produced, route to market and the prescription medication customers for that product, (this should be a thorough plan with any relevant agreements for With Use applications)
  - Information on how flowers, buds and leaves (active parts) will be destroyed for a Without Use operation
  - Additional financial information for a With Use operation including source of funds, source of wealth where funding is significant and 3 year financial projections
- **Area for Cultivation**, details of size and location and—
  - A site plan clearly showing the area(s) or premises to be used for cultivation highlighting storage facilities and any nearby features. Cultivation areas/premises should not be located near residential areas, schools, main roads or pedestrian areas or areas of cultural importance
  - Proof of ownership of the site or permission to utilise the site, i.e. land deeds or leasing agreements
  - Details of site owners for all proposed sites
  - List of seeds to be used and suppliers, only those cultivars registered on the EU Common Agricultural Catalogue and containing less than 0.2% THC will be permitted
- **Security and Record Keeping**, brief details relating to the following and for With Use applicants copies of standard operating procedures (SOP) for—
  - How the site will be contained and protected from trespass, destruction or theft
  - How the applicant will ensure that no male (or intersex) plants are allowed to be cultivated and how they and any pollinated female plants will be removed and destroyed
  - Pest management plans
  - How waste materials will be safely destroyed
  - Incident management procedures to record theft, accidental damage or loss or other adverse incidents
  - Procedures for tracking deliveries, stock checks, site access, etc.
  - Record keeping in relation to incoming stock and outgoing produce
- **Declaration**, a statement that must be read and acknowledged by the applicant that outlines responsibilities and expectations of the applicant and provides information on how the applicant's data will be processed.

The GSC may seek to validate the information provided through other agencies, third party providers and by requesting further information. Some examples of additional evidence that could be sought to validate an application is as follows (this list is not exhaustive)—

- Evidence of Source of Funds/Source of Wealth where large investments are being made or would be required by the business model
- Financial projections where the business proposed is large and would require significant levels of financing
- Additional security measures
- Invoices for seed/seedling purchases
- Evidence of route to market agreements

Any other information relevant to assessing an application can be found in the GSC Integrity Guidance and the GSC [Privacy Notice](#).

### 2.1.1 Integrity and Competence checks

The GSC carry out checks on individuals to ensure the sectors we regulate are run by people with integrity and that those in charge of the business understand their legal and regulatory obligations including those of good business and compliance. By doing this we strive to ensure we meet our regulatory objectives—

- The reputation of the sector is upheld which means the sector can continue to operate safely, creating business growth and increased opportunity and enhancing the integrity of the licence
- The reputation of the Isle of Man is maintained ensuring a stable environment for local business to flourish
- The young and vulnerable are protected from harm arising from any regulated activity

Any convictions and sanctions declared will be assessed on an individual basis and factors such as length of time passed, type of offence, relevance of offence will be considered.

Identification of any undeclared convictions or sanctions may cause delay and the possible cessation of an application. Where a licence has been issued, the licence may be revoked on the agreement of the Commission.

Please refer to the GSC Integrity Guidance and GSC [Privacy Notice](#).

## 2.1.2 Business Checks

The GSC will seek to understand the beneficial ownership of a business and carry out checks on owners, controllers and any investors in order to ensure they are competent and understand how to conduct business with integrity.

Applicants are required to be aware of and comply with any policies or regulations that are applicable in the proposed business activity, such as health and safety requirements and environmental matters. The GSC does not oversee these matters however applicants must take note of any policy and regulations set out by other stakeholders. Licence conditions will be amended to reflect any changes in stakeholder policies or guidance.

Alongside checks into the individuals the GSC will also seek comfort of sustainability and character of the business in order to meet our regulatory objectives. Checks may include documents related to the company's formation, information about shareholders and financial information and will be proportional depending on the size of the business and its proposed activity. The general documentation required for a business applicant is—

- Certificate of Incorporation – required at application this provides proof that a company has been established and is incorporated properly under Isle of Man law.

There is also an international obligation on the GSC to ensure that, as a regulator, we play our part in the prevention of crime. This means that where there may be a perceived risk of criminal involvement additional checks may be required. These checks will be proportionate to the type and size of business and level of investment.

Documents required from applicants to satisfy business checks (this list is not exhaustive and the GSC can request further information from any applicant where required)—

Shareholder Register – this provides a list of shareholders and helps the GSC to ascertain any beneficial owners and controllers of a business

- Source of funds checks – the applicant/licence holder may be required to provide evidence that funds are available for the immediate liabilities incurred by the business in order to prove sustainability
- Source of wealth checks – where a significant amount of money is being invested into a licence holder or applicant the GSC will look to establish how that money was derived in order to verify that it is not proceeds of a crime being used for legitimate business. Proof may be sought as the veracity of any wealth and could include audited financial statements, payslips or evidence of investments
- Financial projections can evidence how much funding is required and assist with demonstrating that the business model is sustainable

## 2.1.3 Site checks

A site plan will be required as part of an application that clearly defines the area/premises to be used for cultivation and storage. It is required that areas for cultivation are designated for cultivation, have appropriate permissions and are not closely located near sensitive areas this includes—

- Schools
- Residential areas
- Main roads and pedestrian areas
- Areas of cultural interest

The GSC may conduct a site inspection prior to approval and will use the site plan to ascertain the suitability of the location for the proposed activity. Any approvals or permissions for land or premises use must be sought in the usual way and a licence to conduct activity does not supersede any planning or other agency requirements relating to the use of land or premises.

Such approvals fall outside of the remit of the GSC and applicants are responsible for seeking out any further permissions.

Proof of ownership or agreement to utilise any proposed area or premises will be required in order to ensure the location is being lawfully used and details of any leasing agreements provided to prove tenure.

## 2.2 Fees

Licence fees are outlined in the 2020 Regulations and can be found at Appendix A. Fees for the first year Licence reflect additional checks carried out for first time applicants and these fees are reduced in subsequent years.

Licences fees are payable on notification of approval of the licence and must be paid within 30 days. Any failure to pay the fee within the given time frame will likely see approval lapse and require a new application.

Licences will be issued pending the completion of any outstanding GSC's checks and any false or incorrect declarations could result in delay or withdrawal of an application.

Multiple licences can be held by an applicant and each type of licence requires a new application. Additional licences attract the full and relevant licence fee up to a maximum cap of £62,500 in total fees paid in the preceding 364 days. For any applications that take a licence holder over this cap the GSC will assess any fees paid in the preceding 364 days and subtract them from the cap amount. The applicant will pay the lesser amount of either the cap minus the previous fees paid or the full licence fee.

## 3. Licensing

### 3.1 Licensing Process

The GSC's licensing process is outlined below.

#### 3.1.1 Acceptance and Checks

Once a complete application has been received, it will be reviewed and if complete it will be officially accepted in writing. Any missing information will delay an acceptance and further consideration.

#### 3.1.2 Further Information

An Inspector can seek further information if deemed necessary and unreasonable delay in the provision of additional information could also lead to a delay in processing an application.

Information provided will be reviewed and checks carried out on the individuals named in the licence application to determine their suitability for licensing. A visit to the site premises may be required as part of these checks. [See 2.1.3 Site Checks.](#)

With Use licence applications could be subject to further checks in order to ensure compliance with the UN Single Convention. A site inspection may also be required by an external body which could extend the licence processing timeframe.

#### 3.1.3 Decision

Following a review of all information provided and the satisfactory completion of the GSC's checks, a submission containing a licensing recommendation will be put before the Commission. Hearings are usually held monthly and an official notification will be sent to the licence holder confirming the Commission's decision to award or deny the licence based on the Inspector's recommendation within 3 working days of the Commission hearing date.

Key persons involved in the application, e.g. beneficial owners and controllers, may be invited to attend the hearing in order to discuss aspects of the application with the Commission and will be notified of this prior to the meeting. Hearing dates are outlined on the website.

Once approved, a licence will be issued on payment of the appropriate fee within the given time frame and will last for a year from the date of issue. Where an application is not approved a letter will be sent to the applicant within 3 working days following the hearing seeking further information or outlining the reasons for the Commission's decision.

### 3.2 Licence Conditions

All licence holders accept that they are bound by the conditions of the licence and any breaches in licence conditions could result in the revocation of a licence. More information on how a licence surrender or a breach of licence conditions is dealt with can be seen at [Section 5 Surrender](#) and [Section 6 Enforcement](#).

See [Appendix B](#) for a full list of relevant licence conditions.

## 4. Supervision & Maintenance

Following licensing the GSC will commence a programme of supervision including site inspections, product testing, regular financial and harvest returns and ad hoc checks. The supervisory programme will be risk-based and will seek to apply proportionate measures to fit the risk profile of the activity and the licence holder.

Changes in business owners, controllers, investors, funding or activity should be notified to the GSC in advance who will issue appropriate forms to seek approval for any changes.

### 4.1 General Supervision

Regulatory burdens are reduced by being compliant and working with the regulator, businesses can reduce or avoid compliance costs for additional site inspections, increased supervision, remediation plans and enforcement action. A programme of supervision will be conducted by the GSC and by being open and working with the GSC, licence holders can facilitate a good regulatory relationship.

#### 4.1.1 Visits and Site Inspections

The GSC will conduct cultivation site visits throughout the licence lifetime, to verify what seeds are being planted, to conduct sampling to check THC levels are within permitted levels and after harvest to record yield, sample THC levels and observe arrangements for processing or destruction. The GSC will also visit premises used as part of licensed activity and can visit at any time and without impediment. Visits will normally be with prior arrangement of licence holders, however visits can be carried out unannounced where there is good cause or a suspected breach of licence conditions or policy.

### 4.2 Returns

During the life cycle of a licence the GSC will take a risk-based approach to supervision, this will enable a light touch supervisory system where risks are lower. This will mean the GSC can direct its resources where most needed and apply a proportional approach to monitoring. Part of this process will include asking for regular submission of specific information in order to understand the activity occurring under the licence in the form of regulatory returns. Returns will include—

#### 4.2.1 Grower statement

A statement is required by those licensed to cultivate Industrial Hemp to be returned to the GSC at the end of each season before 31 December in the current season year. The statement will provide the GSC with an overview of the following—

If Industrial Hemp was cultivated under the licence

- What seed variety was used and when it was used
- Any changes to the size or location of the area that cultivation took place
- Information on harvesting and yield
- Information on any adverse incidents that occurred e.g. accidental crop loss or theft
- Any changes in processes or route to market information provided at application

#### 4.2.2 Financial return

At the end of a licensed season a licence holder may be required to submit a financial statement proportionate to the size of the business activity.

#### 4.2.3 Theft or loss notification

Any adverse incidents such as breaches of security, accidental damage or losses of crop or theft must be notified to the GSC immediately.

### 4.3 Testing

The GSC reserve the right to inspect crops for male or intersex plants, pollinated females or cultivars not authorised under a licence and to test for cannabinoid content at any point during the life cycle of a licence.

## 4.4 Destruction or Disposal

Where a crop is found to be in breach of the terms outlined in a licence, for instance it is a prohibited variety, is a male plant or contains higher than prescribed THC levels, the GSC will order its immediate destruction or disposal. Licence holders will be responsible for the cost of any destruction/disposal and will see that it is carried out immediately in a safe and responsible manner. Evidence of destruction or disposal may be required.

Accidental non-compliance will be assessed on a case-by-case basis and it may be that crops can be disposed of to another licence holder who holds the correct permissions. Where it is clear that a licence holder cannot control the compliance of a crop then a decision will be taken to remove the licence in a structured way to allow a controlled wind down and to avoid any criminality.

Any repeated non-compliance or deliberate breach of licence conditions may result in the immediate withdrawal of the licence and exposure to criminal prosecution. Any licence holders acting in such a way or who demonstrate an inability or unwillingness to ensure the compliance of a crop within permitted parameters will be prohibited from holding any further licences issued by the GSC.

## 4.5 Licence Renewal

Applications for renewals must be submitted at least 8 weeks before the end of the current licence using the correct application forms. Any undue delay in reapplying could result in the new licence not being issued in time, exposing the licence holder to criminal charges for unlicensed activity should they continue to operate without a licence.

Where information provided as part of a previous successful application has not changed applications for renewal will be subject to less checks, however failure to provide any information without reasonable explanation may result in a licence lapsing before renewal. The GSC will always work with a licence holder to see this does not happen but can only do so with full co-operation.

## 5. Surrender

Where a licence is to be surrendered or not renewed notification should be provided to the GSC as soon as possible in order to manage the wind down of operations. A plan will be agreed with the licence holder to deal with any active crop or products. Deadlines for cessation of operations will be agreed and adhered to in order to avoid the licence holder or associates becoming exposed to criminal prosecution.

## 6. Enforcement

It is the obligation of the licence holder to ensure all licence conditions are met and it should be noted that the GSC can order the destruction or disposal of a crop at any time if it is not in keeping with the licence conditions or the approved activity under the licence.

Licence conditions can be modified for individual licence holders to outline greater controls and reflect any remediation plans where agreed following breaches in licence conditions or non-compliance.

Where there are unresolved concerns and the GSC has exhausted all options for remediation the GSC can revoke a licence leading to potential exposure to criminal charges. Any action will not be taken lightly and without good cause and all steps will be taken to remediate any breaches.

## Appendix A - Fees

Licence Type	Year 1 Fee	Standard Fee
Industrial Hemp Licence Without Use	£500	£250
Industrial Hemp Licence With Use	£10,000	£5,000
Cannabis Licence (high THC cultivation)	£45,000	£35,000
Research Licence (male & female plants)	£20,000	£12,000
Transportation and Storage Licence	£5,000	£2,500
Extraction Licence	£22,500	£17,500
Import Licence	£10,000	£7,500
Export Licence	£10,000	£7,500
Manufacture Licence	£22,500	£15,000
Analysis Licence	£12,500	£8,000
Possession Licence (for a purpose specified by the Commission)	£0	£0

Fees are capped at £62,500 in a preceding period of 364 days for licensees with multiple licence types.

## Appendix B - Licence Conditions

### A General Conditions

These conditions apply to all licence holders—

#### 1. Licence

- 1.1. Licences are issued by the GSC and subject to the permissions relevant to the type of licence granted.
- 1.2. Licences are granted on information provided at application, any changes in that information must be submitted to the GSC for approval either by the Inspector or where deemed necessary by the Commission. This includes but is not limited to any changes in beneficial ownership or control of a licence holder, changes in key personnel, changes in business model or activity.
- 1.3. Licences are not transferable and once issued the licence use cannot be amended
- 1.4. On approval of a licence the licence holder shall pay the prescribed fee within 30 days. Failure to pay within the given timescale will result in a new application process.
- 1.5. A licence will be active for one calendar year from the date of issue unless surrendered or revoked.
- 1.6. Licence conditions will be updated to reflect any changes in stakeholder policies or guidance. It is the responsibility of the licence holder to ensure compliance with the licence conditions and policies in force at the time. A list of policies and guidance can be found at CLC Schedule 1 – Policy & Guidance List.

#### 2. Transport & Possession

- 2.1. Any material in transit from the licence holder to another location will be the full responsibility of the licence holder until possession has physically transferred to a customer or other licence holder, this includes material in transit with third parties.
- 2.2. A staff member or contractor, other than a courier, licensed business or individual or postal worker, must be authorised in writing by the Responsible Person to collect any plant of the genus Cannabis or cannabis biomass.



3. Record Keeping and Reporting
  - 3.1. Any adverse incident will be reported to the GSC within a reasonable time frame using the appropriate form.
  - 3.2. The licensee will ensure appropriate records are kept in line with any specific licence conditions.
  - 3.3. Supply and receipt of all cannabis material must be noted in a register by all licence holders containing date inward/outward, name and address of supplier/recipient, licence details or authority to possess in relation to the supplier/recipient, details of the person collecting or delivering the matter and proof of authority to do so and ID checked.
  - 3.4. No cannabis material shall be destroyed without authorisation from the Responsible Person. Where any cannabis material is destroyed under direction of the GSC or in accordance with a licence condition a record must be kept of the date of destruction, method and quantity along with any witnesses.
  - 3.5. Licence holders will on request present unabridged books, physical stock or any other records requested to anyone authorised to inspect them by the GSC in respect of the supply or receipt or retained stock of cannabis material
  - 3.6. Records relating to stock supply, receipt and destruction can be kept in original form or in computerised form and must be retained by licence holders for at least 7 years.
4. Personnel
  - 4.1. The Responsible Person approved at application is responsible for all activities carried out under the licence and the licence holder's compliance with licence conditions, regulations and guidance. Responsibility for security, compliance and administration can be delegated and the responsible person must notify the GSC of the holders of these roles. However the Responsible Person is still ultimately liable for any breaches or failings under a licence
  - 4.2. Licence holders are responsible for ensuring the integrity and competence of staff, contractors or other third parties and will be held liable for any failings or breaches of staff or third parties whilst acting under the direction of the licence holder

## B Industrial Hemp

B1 General licence conditions apply to all Industrial Hemp Licence holders any specific conditions are outlined in the following sections B2 and B3 for the different types of Industrial Hemp Licences.

### 1. General Conditions - Industrial Hemp

- 1.1. An Industrial Hemp licence permits cultivation of low THC cannabis for export only and includes the following activities–
  - Cultivation, including propagation and pruning
  - Harvesting
  - Possession in relation to cultivation
  - Transport in relation to cultivation
  - Supply to someone authorised under licence or for the purpose of complete destruction.
- 1.2. Only the cultivation of EU approved cannabis varieties yielding 0.2% or less THC in relation to a mature plant are permitted under this licence.
- 1.3. Licence holders will comply with and permit entry to anyone authorised to do so by the GSC for the purpose of testing and on-site inspections.
- 1.4. The licence holder shall provide a grower statement and declaration at the close of the annual season before 31 December each year.
- 1.5. The licence holder undertakes to not permit the cultivation of male or intersex (hermaphrodite) plants capable of pollination and will carry out and record regular checks to identify any such plants. Licence holders will ensure any pollinating or pollinated female plants are removed and destroyed beyond use immediately on discovery and such destruction time, date and method is recorded.

- 1.6. Stock checks will be carried out regularly and recorded on seeds, nursery plants, cultivated stock and end products.
  - 1.7. Planting and yield records will be kept and will include dates and details of any stock losses or thefts.
  - 1.8. Licence holders will co-operate with any requests for sampling or testing required by the GSC and will keep records relating to any test results carried out.
  - 1.9. Following the closure of a cultivation site the licence holder will notify the GSC and provide a grower's statement outlining any crop yield in the preceding season and destruction of any plant material no longer cultivated under the licence.
  - 1.10. Any breach of licence conditions may result in the destruction or removal of a crop as decided by the GSC at the licence holder's cost. Refusal to comply with any order of destruction or removal will result in the revocation of a licence.
  - 1.11. Where a licence is surrendered the licence holder will submit a plan for the wind down of operations and destruction of any plant materials so as to remove them from use and abide by any agreed timelines so as to avoid any unlicensed activity.
2. Industrial Hemp Without Use Conditions
    - 2.1. Licence holders will arrange for the destruction of the active parts of the crop, namely buds, flowers and leaves, in a way that renders them completely useless for their use or extraction or production of cannabinoids and hold a record of the time, date, the method of destruction and any witnesses.
    - 2.2. Where a licence is issued provisionally in respect of the 2021 season any undeclared disclosures or misleading information could result in the revocation of the issued licence immediately, destruction of any plants or biomass and exposure to criminal charges.
  3. Industrial Hemp With Use Conditions
    - 3.1. Licences will only be issued on provision of evidence of a clear route to market for prescription medications only
    - 3.2. Any changes in route to market from the plans outlined at application must be notified to the GSC immediately who will review the suitability of continued licensing and may result in a licence being withdrawn. This will only be undertaken where a satisfactory alternative plan that meets route to market requirements and rationale for the change has not been provided.
    - 3.3. The licence holder shall provide a financial return at the close of the annual season before 31 December each year and audited financial statement within six months of the end of the financial year.
    - 3.4. With Use licences may be subject to approval by external bodies and additional reporting or licence conditions may be required and added to an individual licence



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