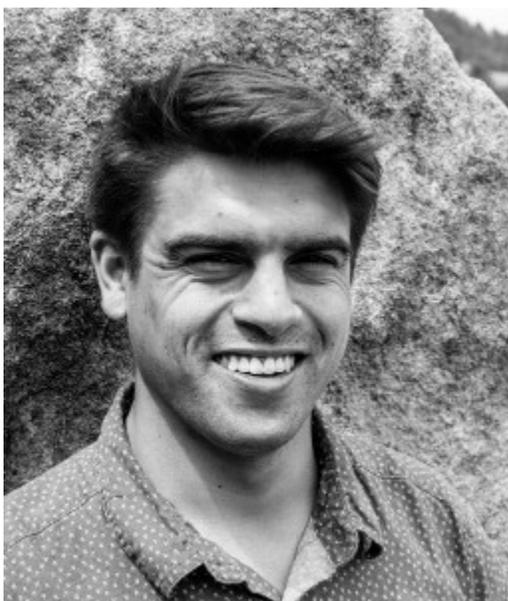


Sana Packaging – A Sustainable Cannabis Packaging Brand that Helps Its Customers in the Legal Recreational and Medical Markets Sell Products and Drive Revenues



Ron Basak-Smith
Co-Founder & CEO

Sana Packaging

Interview conducted by:
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CEOCFO Magazine

CEOCFO: *Mr. Basak-Smith, one of the first things on the Sana Packaging website is "Packaging with Promise." What does that mean? What is the concept behind Sana?*

Mr. Basak-Smith: When you think about packaging, you often think that it is just part of the product. It is not the product, but just plays the role and you do not think about it too much. When you go to buy something, you typically are not excited about the packaging, but mostly excited about the product inside of it and how we are going to access it and experience it.

With cannabis packaging, the field that we are in, and the market that we are focused on, it is a lot more wide open. In other packaging spaces there are new products and new packaging variations that have come out. However, because of the regulations of the cannabis industry, we are trying to bring more to the world of cannabis packaging and along with that doing something for the environment.

We are a packaging brand and not a distributor, so we have direct control over the products we are making. Our promise to our customers is that there is going to be insight to the products they are getting. They are going to know where they are coming from and how it is manufactured and what it is manufactured with. Those things are not typically known in the world of packaging so we are trying to bring that out and make it more transparent.

CEOCFO: *Why do the regulatory bodies have an interest in the cannabis industry in terms of packaging, perhaps more than other industries?*

Mr. Basak-Smith: There are several factors at play. Starting off the conversation, when you think about cannabis packaging, everyone is going to have their own conception about what is actually being packaged. With any industry there are different products, you could have an edible or a flower or a pre-roll or a concentrate. You could have some beverage as well. You have all these different products that fall under the cannabis umbrella and then those different products are going to have different needs. That is one area of why there is a need for regulatory oversight.

Another that comes to mind as to why there is so much regulatory oversight in the packaging, is I think there is still a lot of stigmas in the industry itself and outside of the industry as far as what cannabis is, benefits and terms, the legality of it in some states still because in some states people are still going to jail for cannabis. The stigma exists with any product

and regulations are going to come out whether those regulations make sense or not. Some of the things we see are child resistant packaging for products that are less harmful than some of the other products you might see in the market such as alcohol, which does not have the same regulations. There is the belief that not allowing children to see the physical product will lead to discouraged use in some way or form. Other things I could get more onboard with would be not have a product that looks appealing to children, so marketing to children or young teens.

The stigma does exist, so with the cannabis legalization, is they would move forward with legalization, we would be willing to follow maybe some of these more stringent guidelines we see in other industries.



CEOCFO: *What have you developed at Sana?*

Mr. Basak-Smith: Sana packaging is a sustainable packaging brand, and with that the three areas of focus of our business are sales, marketing and product development. With product development it is kind of a leading thing that we need to put the product to market and what drives revenue for our company. What we put out to the market is that it really differentiates packaging in what currently exists. Other people in the market are also putting out sustainable options but we as a company and personally do not believe that there is anything out there that is a silver bullet but there are different products out there that are helping move the needle towards a more sustainable future with packaging.

The two ways to think about packaging right now is with the upstream and down-streaming impact of it and how we can support both sides of that, and then beyond the material types, what are the systems in place that we could help support within the waste system, such as recycling, compost and landfill. All of those can be assisted and improved by packaging companies creating products that better perform in each one of those environments or make it easier for the consumer to understand how to get it to the proper environments or easier for collection facilities and sorting facilities to get the products in one of those environments.

“We pride ourselves on is getting our packaging to our customers and helping them sell product whether it be the design of the product, the quality of labeling or label application; all of that. It is getting the product on the shelf and making it look good.” Ron Basak-Smith

What we do as a company and quickly is we create different child-resistant cannabis packaging products made from reclaimed ocean bound material. We also have the hemp based biocomposite that is a plant-based packaging product. There are two different belief systems about what those products do. We sell these packaging products to anyone in the industry who is interested in packaging their product for the legal recreational market or medical market, depending upon what state they are in.

CEOCFO: *From the materials part, what is different?*

Mr. Basak-Smith: Our ocean-bound plastic is plastic that is captured within 50 miles of the coastline and is seen as a way that we are mitigating the amount of material that is making it into our waterways and into the ocean. For us this is basically a stranded resource due to a variety of issues and the way that the waste and recycling industry works is a lot of this material is not ending up either in landfill or more ideally in the recycling system, it is actually ending up in nature and ending up into our waterways, making it harder to capture and also causing issues that we are trying to avoid. Those are our products that are called ocean-bound.

There are a few different plastic types that we work with within the realm of ocean-bound plastics. There is PET, which is water bottles primarily, HTPE which is milk jugs, laundry detergent bottles, and then polypropylene, which is PP, #5 recyclable. Primarily we are working with ones and twos of ocean-bound material that is collected in a variety of different collection points across the world and then it is processed, cleaned and manufactured domestically.

The other product we work with is a hemp-based bio composite, which is a formulation and we have about 30% Hemp Hurd, and that is compounded with PLA which is a corn-based polymer, and then an injectable.



CEOCFO: *Is it somewhat a standard manufacturing process? Are there specific challenges with trecyclables or specifically with the recyclables you are using?*

Mr. Basak-Smith: There are definitely challenges. Any time you are not using a virgin material or a commoditized petroleum based material and trying to work from plant-based or a bio composite or recycled content, there are always difficulties you have to keep in mind or work around or design the mold for, or maybe expectations around how consistent the part is or how consistent performance is. The general manufacturing process is the same. It is a matter of consistency, price point, and some of the things that you might be designing for or looking for when you are not using a virgin material that has the exact same performance or more replicable performance every time.

CEOCFO: *What have you learned about how to make it come out right at the end?*

Mr. Basak-Smith: Before I started this company I had never worked in the field of injection molding and producing packaging. There has been a lot of learning along the way. One of the big ones is just the understanding of how important the relationship is with your manufacturer and having clear expectations around what the supply-chain is, the consistency of the product, what your needs are and really dialing that in upfront because just the amount of things that will happen and variations of material and the molds or whatever the world throws at you. You are trying to get as much information on the table early which is important and just understanding that there are going to be things that go wrong, for sure.

CEOCFO: *We saw the recent press-release about "Sana packaging reclaims over 550 thousand lbs. of ocean-bound plastic." Would you tell us about that?*

Mr. Basak-Smith: As a company our main goal is to have a positive environmental impact, so when we hit those milestones, the numbers do represent significant amount of impact every time we hit them. When we hit our first 100

thousand I felt a big accomplishment, then at 500 thousand I felt it was a bigger accomplishment. With anything, you hit a milestone and then you celebrate it and move on and keep moving toward the next one. We see what we can do this year and where we can go next with us.

It has a lot to do with our customers and the support of them adopting this concept and that is what we are here for, to find folks out there who are looking to support new ways of packaging that have less environmental impact. We want to provide that product for them.

CEOCFO: *How do you help your customers encourage recycling on the other side of their product when it is being sold?*

Mr. Basak-Smith: That is a difficult one for us to achieve because of the way that we are situated in the market. We sell our product to a brand who then puts a label on them. The most that we can do is try to get the brand clear messaging as far as how to talk about the product, its recyclability and how to recycle. Simple things like calling out, "Please Remove Label from Packaging," can go a long way, but it is difficult sometimes to get customers to put more information on an already very busy middle real estate available. I think that is a constant battle.

The regulatory requirements state-by-state and not overwhelming the consumer with too much information. I think that is one of the areas where you say, let's make it easy for consumers to recycle products and make sure that the product itself is a single material type and ideally number one or number two. We encourage our customers to use white plastic which is going to be most likely to be recycle, because black is not picked-up or seen. There is a lot of recycling fatigue out there and consumers are trying to recycle and they are hearing that things are getting recycled because they are not doing it the right way. There is a lot of confusion out there.

CEOCFO: *How important is 'Made in the USA.'*

Mr. Basak-Smith: I think it has its place. I think for us the most important thing with it is just being able to supply our products at a higher likelihood depending upon what the global market looks like, especially packaging and being on time. We can have it there for our customers. Having oversight of how the product is made and the distance to where it is going which is something that we think about. At the same time, not all products can be made in the United States. We already have capacity restraints so for us we know there are a lot of logistical things that make sense about it from an operations standpoint.

CEOCFO: *How do you reach out to prospective customers?*

Mr. Basak-Smith: We do some tradeshow here and there throughout the year which is a way we meet people. A lot of our business success comes from people reaching out to us. We spend a lot of time and energy focusing on our SEO and our website and the information that is there, doing stuff like this and getting our name out there. Also since it is packaging and branded, people see our products on the market and I think that also gets people interested and they reach out to us.

CEOCFO: *Why choose Sana Packaging and what if anything might people not quite understand about Sana that is important to recognize?*

Mr. Basak-Smith: Why you want to choose Sana Packaging is that you may not see it but your packaging provider is pretty important in the sense of not so much what the packaging is but how you consistently get that product and how consistently it is going to help you sell your product. That is what we pride ourselves on is getting our packaging to our customers and helping them sell product whether it be the design of the product, the quality of labeling or label application; all of that. It is getting the product on the shelf and making it look good.

What people might not understand and know about Sana Packaging, one fun fact is that we started as a class project with myself and my cofounder at the University of Colorado Boulder, in 2016 in their MBA programs. Sometimes class projects turn into businesses.