

BRITISH COLUMBIA VEGETABLE MARKETING COMMISSION
IN THE MATTER OF THE *NATURAL PRODUCTS MARKETING (BC) ACT* AND
A REVIEW OF A PRODUCER SHIPPER APPLICATION MADE BY
UP VERTICAL FARMS LTD.

May 8, 2026

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Introduction

1. The British Columbia Vegetable Marketing Commission (the “Commission”) is responsible for regulating the production and marketing of vegetables in the Province pursuant to the *Natural Products Marketing (BC) Act* and the applicable regulatory instruments made thereunder. Among other things, the Commission is mandated to promote orderly marketing and to ensure that the interests of producers are advanced within a coordinated marketing system.
2. The principal instrument through which the Commission discharges this mandate is the General Order, which establishes a comprehensive framework governing licensing, production, and marketing activities for regulated products. The General Order reflects a policy choice in favour of centralized, coordinated marketing as the primary means of achieving stability in the marketplace and maximizing returns to producers.
3. Designated agencies are a central feature of that framework. The Commission relies on agencies as the primary mechanism through which regulated product is marketed. As the Commission has previously recognized, centralized, coordinated marketing through agencies is intended to mitigate the risks associated with fragmented marketing, including price erosion, market instability, and inefficiencies in supply.
4. Within this regulatory structure, producers of greenhouse crops are generally required to market their production through a designated Agency. This requirement reflects a policy determination that collective marketing, rather than individual competition, best serves the interests of producers and the industry as a whole.
5. The General Order distinguishes between Producers, Producer-Shippers, Processors, Agencies, and other regulated licence categories. A “Producer-Shipper” is a Producer who markets some or all of the greenhouse crop produced by that person other than through an Agency. A “Processor” is a person engaged in Processing who markets or supplies regulated product in processed form. “Processing” includes activities such as mixing a greenhouse crop with other edible products.
6. The regulatory scheme distinguishes between routine licensing decisions and those that permit exceptions to the centralized marketing system. While producer licences are generally issued where the prescribed requirements are met, a Producer-Shipper licence engages broader policy considerations relating to market structure, competition, and the potential impact on other producers and agencies.
7. A Producer-Shipper licence is therefore an exceptional form of authorization within the regulatory scheme. It permits a producer to market regulated product outside the centralized system that is designed to coordinate supply, manage market access, and protect producer returns. For that reason, such licences are not granted as a matter of routine or convenience. The Commission must be satisfied that the granting of a Producer-Shipper licence is justified having regard to both the specific statutory criteria and the broader policy objectives that underlie the regulatory framework.

8. The requirements governing the issuance of a Greenhouse Crop Producer-Shipper licence are set out in the General Order, as amended by Amending Order 1. In order to obtain such a licence, the applicant must demonstrate to the satisfaction of the Commission that: (a) no licensed Agency is willing and able to service the market intended to be serviced by the applicant; (b) the applicant has the capacity to directly market greenhouse crops without excessive reliance on wholesalers or third-party grading, packing, warehouse, and storage facilities; and (c) the proposed marketing would not be disruptive to orderly marketing. These criteria establish a conjunctive test, each of which must be satisfied.
9. The granting of a Producer-Shipper licence does not remove the licence holder from the Commission's regulatory oversight. Section 17 of the General Order imposes ongoing requirements and limitations on Producer-Shippers, including the obligation to market only in accordance with a detailed marketing plan approved by the Commission, to comply with all directions issued by the Commission, and to adhere to applicable grading, packing, and marketing restrictions. These requirements ensure that Producer-Shippers continue to operate within the broader framework of orderly marketing.
10. This application concerns UP Vertical Farms ("UPVF"), a producer of greenhouse lettuce that operates an integrated business model in which it uses its own production as an input in the manufacture of mixed salad products. Those products are currently marketed through commercial arrangements that include sales to a licensed wholesaler. UPVF seeks a Greenhouse Crop Producer-Shipper licence in order to market its mixed salad products directly to retailers, wholesalers, and food service customers.
11. UPVF's application is characterized by the integration of greenhouse production with downstream processing into value-added mixed salad products, and a proposed transition to direct marketing of those products. While the individual elements of this business model are not uncommon, their combination in the context of a request to operate outside the Agency system requires careful consideration.
12. For the reasons that follow, the Commission has considered UPVF's application in light of the applicable provisions of the General Order, the structure and purpose of Agency-based marketing, and the specific factual context in which this application arises.

Procedural History

13. UP Vertical Farms Ltd. ("UPVF") submitted an application for a Greenhouse Crop Producer-Shipper licence to the Commission in September 2025.
14. The application was submitted in the prescribed form for a new entrant Producer-Shipper licence and included a business plan outlining UPVF's production model, processing activities, and proposed direct marketing strategy.
15. At the time the application was received, the Commission was in the process of reviewing and updating the regulatory framework applicable to Producer-Shipper licences. As a result, the application was placed on hold, together with other Producer-Shipper applications, pending finalization of the revised General Order.

16. On February 11, 2026, the Commission adopted a revised General Order, which updated the regulatory framework applicable to Producer-Shipper licences and clarified certain definitions relevant to this application.
17. By correspondence dated February 18, 2026, UPVF was advised that the review of its application had recommenced and was provided with an opportunity to update its application to reflect the revised requirements.
18. On February 27, 2026, UPVF submitted an updated business plan and organizational information in support of its application.
19. On April 14, 2026, a panel of the Commission met to review the application and to receive a presentation from UP Vertical Farms Ltd. (“UPVF”) regarding its proposed Producer-Shipper operations.
20. On April 20, 2026, the panel reconvened to deliberate on the application.
21. The Commission has considered the application and the materials submitted by UPVF in accordance with the requirements of the General Order.

Brief Summary of UPVF’s Application

22. UP Vertical Farms Ltd. (“UPVF”) has applied for a Greenhouse Crop Producer-Shipper licence to permit the direct marketing of its ready-to-eat products to retailers, wholesalers, and food service customers.
23. UPVF is a greenhouse lettuce producer operating a controlled environment agriculture facility in Pitt Meadows, British Columbia. The company currently produces approximately 2,000 m² of lettuce and markets its products through commercial arrangements that include sales to a licensed wholesaler. UPVF has indicated that it intends to expand its production.
24. UPVF’s business model is vertically integrated. It manages the full production lifecycle from cultivation through to processing, packaging, and distribution. Its products are not marketed as bulk agricultural commodities. Rather, UPVF produces pre-washed, portioned, and packaged ready-to-eat salad mixes, salad kits, and microgreens for direct sale to end customers.
25. The applicant emphasizes that lettuce is the only regulated commodity within its product offerings, and that it represents a small portion of the overall product mix. The majority of its products consist of unregulated leafy greens and microgreens that are blended with lettuce into finished salad products.
26. UPVF submits that its operations differ from conventional greenhouse producers in that its output consists primarily of processed, value-added products rather than whole-head or bulk greenhouse lettuce. It characterizes its products as processed, value-added products requiring post-harvest handling, blending, and packaging, and positions itself as operating a “seed-to-shelf” model.

27. The applicant further submits that it has the capacity to directly market its products. It maintains an in-house sales and marketing team, has established direct relationships with major retail and foodservice customers, and operates its own fleet of delivery trucks for distribution. The applicant points to existing relationships with retailers and distributors, including national and regional grocery chains, foodservice distributors, and warehouse retailers.
28. UPVF states that its direct distribution model allows it to maintain control over product quality, freshness, branding, and customer relationships, and to respond more efficiently to market demand. It submits that intermediary distribution through an Agency introduces additional handling, costs, and constraints that are not aligned with its business model.
29. The applicant also submits that its products occupy a distinct and specialized product category, consisting of locally produced, ready-to-eat salad products. It takes the position that this market is not adequately served through existing Agency-based marketing structures, which are oriented toward bulk commodity sales.
30. With respect to the criteria for a Producer-Shipper licence, UPVF submits that:
 - it has developed and demonstrated independent marketing capability through direct sales and account management;
 - it has the operational capacity to distribute its products without reliance on third-party wholesalers; and
 - its proposed direct marketing activities would not be disruptive to orderly marketing, as its products are differentiated from bulk lettuce and do not displace traditional Agency-marketed product.
31. On this basis, UPVF seeks approval of a Producer-Shipper licence to enable it to market its products directly while maintaining control over its integrated production, processing, and distribution model.

Decision

32. The Commission does not approve the application of UP Vertical Farms Ltd. (“UPVF”) for a Greenhouse Crop Producer-Shipper licence.
33. The Commission finds that UPVF has not satisfied the requirements set out in section 5(g)(i) of the General Order. In particular, UPVF has not demonstrated that no licensed Agency is willing and able to service the market intended to be serviced by the applicant. The application materials do not include evidence of outreach to Agencies, refusals of service, or other information that would support a finding that no Agency is willing and able to market UPVF’s products.
34. As the criteria in section 5(g)(i) of the General Order are conjunctive, the failure to satisfy section 5(g)(i) is determinative of the application.

35. The Commission notes that the burden rests on the applicant to demonstrate that the criteria set out in section 5(g)(i) of the General Order have been satisfied. The Commission is not required to independently investigate whether or not Agencies are willing and able to service the market on behalf of an applicant.
36. Accordingly, the application for a Greenhouse Crop Producer-Shipper licence is dismissed.
37. Having reached this determination, the Commission has considered whether an alternative regulatory approach is available under the General Order to address the specific circumstances of UPVF's operations.

Alternative Regulatory Approach – Processor Licence and Exemption

38. The Commission recognizes that UPVF's operations involve the integration of greenhouse production with downstream processing into ready-to-eat salad mixes and related products.
39. The Commission finds that requiring UPVF to market its own lettuce through an Agency and subsequently procure that same product for processing would introduce unnecessary costs and administrative inefficiencies without advancing the objectives of orderly marketing or maximizing returns to producers.
40. The Commission notes that the definition of "Processing" in the General Order has evolved over time and was clarified in the February 11, 2026 General Order to include activities such as peeling, dicing, slicing, or mixing greenhouse crops with other edible products by mechanical means or otherwise. The Commission is satisfied that UPVF's ready-to-eat salad mixes and related products fall within this definition and therefore require a Processor Licence under the current regulatory framework.
41. The Commission therefore determines that UPVF must obtain a Processor Licence under the General Order in order to carry out its processing and marketing activities. The Commission further notes that a person engaged in both the production and processing of regulated greenhouse crops is required to hold both a Producer Licence and a Processor Licence under the General Order.
42. Subject to UPVF obtaining and maintaining a Processor Licence and a valid Producer Licence in good standing, the Commission hereby grants a narrow exemption permitting UPVF to use greenhouse lettuce produced by it in its own processing activities without first marketing that lettuce through, or procuring that lettuce from, an Agency.
43. This exemption is granted pursuant to the Commission's authority under the General Order to impose terms and conditions on licences where it is satisfied that doing so will promote orderly marketing. The exemption forms part of the terms and conditions of UPVF's Processor Licence and is conditional on ongoing compliance with this decision and the General Order.
44. The exemption is limited to UPVF's own production and applies only to greenhouse lettuce used in processed, value-added products. It does not authorize the marketing of unprocessed regulated greenhouse crops outside the Agency system.

45. The exemption granted in this decision shall take effect only upon UPVF obtaining a Processor Licence and satisfying all applicable licensing requirements under the General Order.

Conditions of Processor Licence and Exemption

46. UPVF must at all times hold a valid Producer Licence and Processor Licence under the General Order in order to rely on the exemption granted in this decision.

47. The Processor Licence and exemption are subject to all applicable requirements, limitations, and conditions set out in the General Order, as may be amended from time to time.

48. The exemption is granted only in respect of UPVF's use of its own greenhouse lettuce in the processing of ready-to-eat salad mixes, salad kits, and related processed products consistent with the business model described in its application materials.

49. For greater certainty, this exemption does not extend to any future expansion of production, product lines, or marketing activities beyond those described in the application without prior written approval of the Commission.

50. The exemption is subject to the following conditions:

- a. **Scope of Authorized Activity:** The exemption is limited to the processing and marketing of processed products made using greenhouse lettuce produced by UPVF.
- b. **Processed Product Restriction:** UPVF may sell, offer for sale, supply, store, transport, and market regulated product only in processed form under its Processor Licence. The exemption does not authorize UPVF to market whole-head lettuce, bulk lettuce, loose lettuce, or any other unprocessed regulated greenhouse crop.
- c. **Own Production Limitation:** The exemption applies only to greenhouse lettuce produced by UPVF and used by UPVF in its own processing activities. It does not permit UPVF to receive, procure, process, market, or distribute regulated product produced by another Producer except as permitted under the General Order or as otherwise approved by the Commission in writing.
- d. **Agency Marketing for Unprocessed Product:** Any greenhouse lettuce produced by UPVF that is not used in UPVF's own processing activities must be marketed through an Agency, unless otherwise authorized by the Commission in writing.
- e. **No Material Deviation of Business Model Without Approval:** UPVF must not materially alter its business model, product forms, processing activities, or marketing approach without prior written approval from the Commission.
- f. **Records and Reporting:** UPVF must maintain records sufficient to demonstrate the volume of greenhouse lettuce produced, the volume used in processing, the form of the finished processed products, and any regulated product not used in processing. UPVF must provide those records to the Commission upon request.

- g. **Levies:** UPVF shall be responsible for the calculation, reporting, and remittance of all applicable levies to the Commission in accordance with the General Order. For greater certainty, this obligation applies to all regulated greenhouse lettuce produced by UPVF, including product used by UPVF in its own processing activities pursuant to this exemption, whether or not such product is marketed through an Agency.
- h. **Ongoing Compliance:** UPVF remains subject at all times to the General Order and to any directions, requirements, or limitations imposed by the Commission from time to time.
- i. **Non-Compliance:** Failure to comply with any of the conditions set out in this decision or with the requirements of the General Order may result in the suspension, amendment, or revocation of the exemption and/or the Processor Licence, in addition to any other enforcement action available to the Commission.

51. In the event of any inconsistency between these conditions and the General Order, the General Order prevails unless the Commission expressly provides otherwise in writing.

Decision Analysis

- 52. The Commission has first assessed whether UPVF meets the requirements for the issuance of a Greenhouse Crop Producer-Shipper licence under the General Order.
- 53. Section 5(g)(i) requires the applicant to demonstrate that no licensed Agency is willing and able to service the market intended to be serviced by the Producer-Shipper.
- 54. The Commission is not satisfied that this requirement has been met, for the reasons set out above. The application does not provide evidence that licensed Agencies are unwilling or unable to service the relevant market.
- 55. Having determined that the requirements for a Producer-Shipper licence have not been satisfied, the Commission has considered whether UPVF's objectives may be addressed through an alternative licensing framework under the General Order.

Conclusion

- 56. The Commission has determined that UPVF has not satisfied the requirements for the issuance of a Greenhouse Crop Producer-Shipper licence under the General Order.
- 57. The application for a Producer-Shipper licence is therefore dismissed.
- 58. The Commission has determined that UPVF's objectives are more appropriately addressed through a Processor Licence and a narrow exemption permitting UPVF to use its own greenhouse lettuce in its processing activities.
- 59. For clarity, UPVF must hold both a Producer Licence and a Processor Licence in order to operate in accordance with this decision.

60. The exemption granted in this decision takes effect only upon UPVF obtaining a Processor Licence and remaining in good standing.
61. This determination reflects the Commission's mandate to promote orderly marketing while recognizing the operational realities of UPVF's integrated production and processing model.
62. This decision is based on the specific facts of UPVF's application and does not establish a general precedent.

SAFETI Analysis

63. In assessing this decision, the Commission has considered whether dismissing the Producer-Shipper application and adopting an alternative regulatory approach is consistent with the principles of Strategic, Accountable, Fair, Transparent, and Inclusive decision-making ("SAFETI").
64. Strategic: The decision preserves the central role of Agency-based marketing for unprocessed regulated greenhouse crops while providing a narrowly tailored regulatory pathway for UPVF's processing activities.
65. Accountable: UPVF will remain subject to the regulatory framework established under the General Order, including all applicable licensing, reporting, and compliance obligations. The Processor Licence and associated exemption are subject to specific conditions that ensure continued regulatory oversight.
66. Fair: UPVF was provided with an opportunity to present its application and supporting materials. The Commission has made a determination on the requirements for a Producer-Shipper licence based on the evidence before it. The decision is limited to UPVF's specific circumstances and does not authorize the marketing of unprocessed regulated greenhouse crops outside the Agency system.
67. Effective: The decision provides a practical regulatory pathway for UPVF's processing activities while maintaining the requirement that unprocessed regulated greenhouse crops be marketed through the Agency system unless otherwise authorized. The decision avoids unnecessary cost and administrative inefficiency associated with UPVF marketing its own lettuce through an Agency and then procuring that same product for processing.
68. Transparent: The Commission has applied the criteria set out in the General Order and has provided reasons for its decision, including a clear explanation of the factors that distinguish this application and justify a limited exception to Agency-based marketing.
69. Inclusive: The Commission is satisfied that this decision is inclusive in that it recognizes and accommodates evolving production and marketing models within the industry, while continuing to balance the interests of producers operating within the traditional Agency system. The decision reflects consideration of the broader industry context and maintains the integrity of the collective marketing framework.

70. On that basis, the Commission finds that dismissing the Producer-Shipper application and granting a narrow Processor Licence exemption in the specific circumstances of this case is consistent with SAFETI principles.
71. Any person aggrieved or dissatisfied with this decision may appeal to the BCFIRB within 30 days of the date of this decision.

A handwritten signature in blue ink, appearing to read "W. Shoemaker", with a long horizontal flourish extending to the right.

Wes Shoemaker, Chair