

# CANNABIS CONTROL THROUGH RETAIL PRODUCT MARKING



Enabling trust



# A BLIND SPOT IN THE SUPPLY CHAIN

Current control regimes use tags and other markers on upstream activity (e.g., cultivation, manufacturing). Retail units are not subject to secure marking, leaving a security gap between the product and the traceability data.



Inspectors and enforcement need to quickly and confidently distinguish legal from counterfeit or black market products



Consumers need access to information about products and safe-use guidelines



Government needs to maximize tax revenues by preventing counterfeit and illicit products from entering the supply chain

Marijuana Tax Revenue Badly Misses the Mark

**SOUTH SIDE, UPTOWN**

Why Massachusetts marijuana taxes are disappointing so far

America's Boom in Illegal Weed

Taxation of Cannabis

Cannabis Black Market Thriving

**MARIJUANA BLACK MARKET HIDES IN PLAIN SIGHT**

CA Proposes Slashing Pot Taxes to  
'Getting Worse, Not Better'  
Illegal Pot Market Booming in CA  
A pot market not traced or tracked

TES

# SECURING THE PRODUCT IS KEY

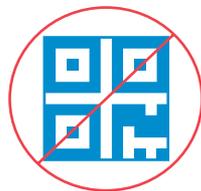
How do you know a cannabis product is legitimate? Combining counterfeit-resistant, secure identifiers on retail products with existing traceability solutions enhances compliance and enforcement outcomes, while instilling consumer confidence in retail cannabis products.

- Unsecured retail products leave consumers at risk of using unsafe, tainted, or recalled cannabis products
- Secure product marking with serialization enables a concrete link between physical retail units and the data in the traceability system
- Secure marks can be verified in the field in real time by inspectors, law enforcement, and consumers to confirm product legitimacy and provenance





## Common serialization marks can be easily copied, enabling counterfeit and illicit products to appear legitimate.



### **STANDARD QR CODES**

are not unique to individual products



### **BARCODES**

can be easily copied and reused



### **NO CODE**

provides zero protection

An effective cannabis control program ensures that all legitimate physical products are reflected in traceability data—and vice versa. Most compliance programs rely on non-secure barcodes and other data matrices that can easily be copied and replicated.

# EXTEND TRACEABILITY TO THE RETAIL LEVEL

Adding counterfeit-resistant, unique marks to cannabis retail products enables authentication and extends the accurate traceability of your existing cannabis control program.

Secure retail marks support positive outcomes for:



## PUBLIC HEALTH

- Helps consumers select properly tested legal products
- Allows consumers to check product recall status
- Supports consumer education on product usage



## PUBLIC SAFETY

- Enables law enforcement and auditors to spot illicit products
- Helps officials differentiate bad actors from good
- Makes it simple to spot counterfeits



## REVENUE REALIZATION

- Makes it easy to confirm tax was paid on a particular product
- Streamlines audit and enforcement
- Encourages tax compliance

# The SICPATRACE® counterfeit-resistant secure mark layers multiple types of security, for a robust solution you can trust.



- 1 PROPRIETARY COLOR-SHIFTING INK**  
cannot be copied or recreated and provides a visible check for authenticity
- 2 QR CODES**  
link consumers to compliance program website
- 3 ALPHANUMERIC CODE**  
unique to each secure label links product and traceability details
- 4 TAMPER-PROOF CUTS**  
prevent secure labels from being removed and reused on another product
- 5 MICROPRINT**  
adds another layer of security to prevent copying

# BENEFITS OF RETAIL MARKING

Secure retail marking provides a gateway to communicate real-time information to stakeholders about specific physical products.



## Government

- Enables revenue realization— a mark means tax paid
- Easy for law enforcement/auditors to differentiate legal from illicit products
- Discourages black market activity and product diversion
- Simple to implement and aligns with existing government systems
- Supports immediate, real-time reconciliation of traceability data with products in the field



## Industry

- Increases brand awareness by creating a direct-to-consumer channel
- Protects market share for legal actors by demonstrating proof of compliance
- Allows licensees to demonstrate adherence to certain principles (e.g., small business, organically-principled techniques)
- Denotes participation in social equity and other market diversity initiatives



## Consumers and Patients

- Allows identification of recalled product
- Allows consumers to verify product test results and health certificates pre- and post-sale
- Allows for verification of product claims (e.g., equity participation, provenance, growing practices)
- Arms consumers with information about product dosage, appropriate use, and ingredients

# MORE WAYS TO LEVERAGE A RETAIL MARK

Marks can convey information about a product through specific visuals, smartphone apps, and websites.

## Consumer Engagement App

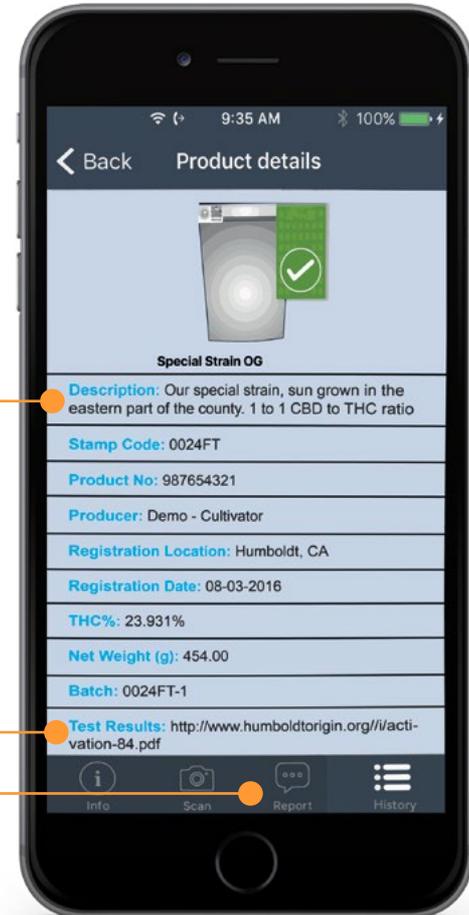
Helps consumers view product information to confirm desired use

Allows consumers to find current recall information or safety warnings

Allows consumers to report suspicious activity



See the app  
in action



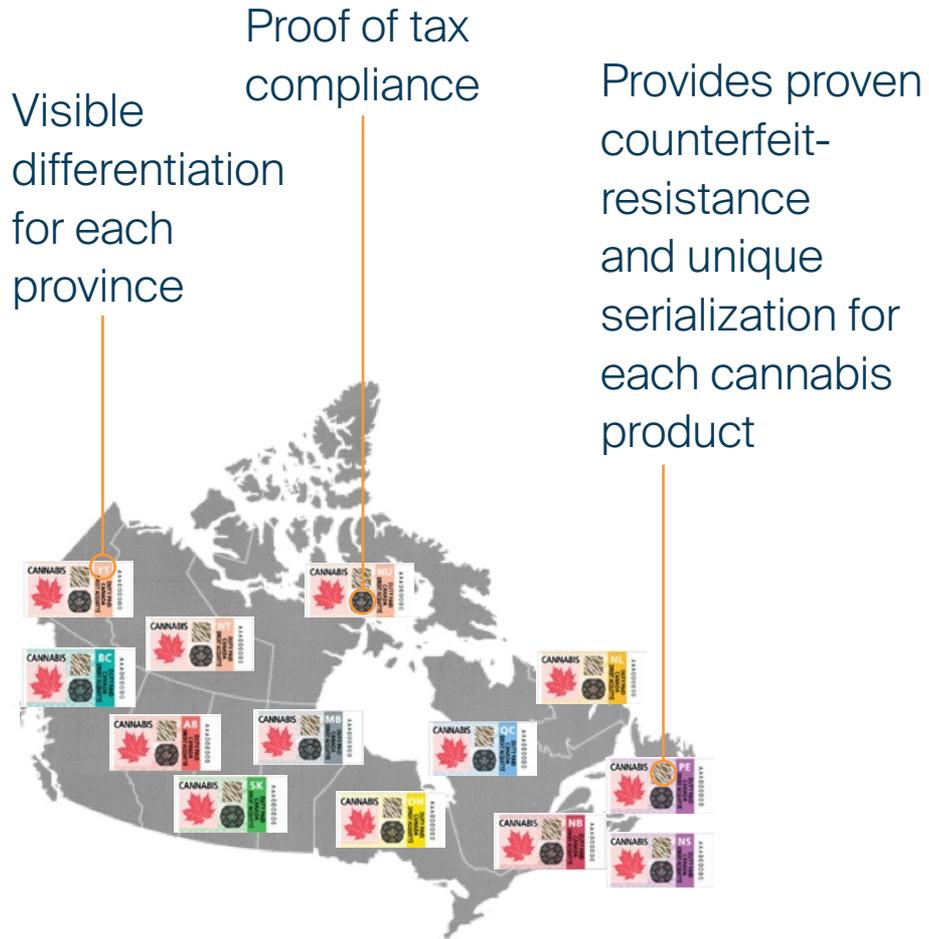
## Social Equity Program

- Designed to support economic development
- Special marks can be made to denote small farmers, artisanal and economically disadvantaged businesses



# CANNABIS MARKING IN CANADA

Canada began sales of legal recreational cannabis in October 2018 and immediately began using a secure mark to control retail products.



**>83 Million**

secure stamps sent to licensed producers to stamp cannabis products



Manufacturers apply secure marks prior to distribution



Canada set to become largest country with legal cannabis sales

**POTENTIAL FOR**

**\$1B** in tax revenue

**250,000** jobs created

Use For: Pain Relief,  
Stress, Anxiety

NOT FOR SALE  
Medical Use Only

ORS 475.300-475.346

# ABOUT SICPA

Every day, governments, businesses, and millions of people rely on SICPA to protect the integrity and value of their currency, personal identity, products and brands.

## Success Across Industries

including cannabis, tobacco, alcohol, pharmaceuticals and more



# Success in Retail Marking

**Billions**

of products tracked  
each year

**600M+**

pharma products protected  
annually

**\$10B+**

in cigarette excise tax  
revenue collected by the  
Commonwealth of  
Massachusetts annually

## APPLICABLE TO A WIDE RANGE OF PRODUCTS



Beverages



Tobacco



Pharmaceuticals



Packaged  
Goods



Agrifood



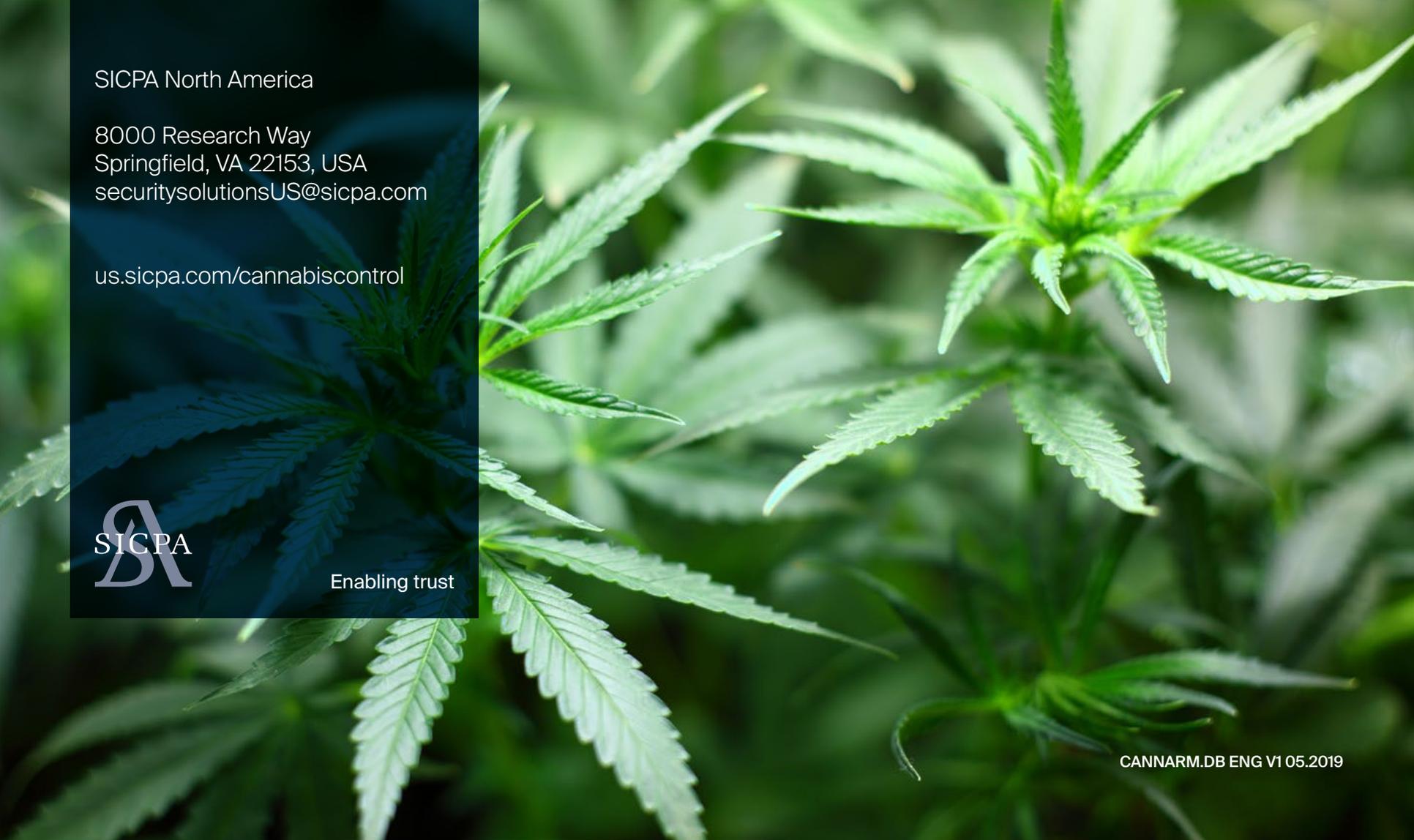
Fast Moving  
Consumer  
Goods



Fuels



Cannabis

A close-up photograph of a cannabis plant with vibrant green, serrated leaves. The plant is the central focus, with some leaves in sharp focus and others blurred in the background, creating a sense of depth. The lighting is natural, highlighting the texture of the leaves.

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