



CANNABIS COMPLIANCE AND CONTROL SOLUTION

SIMPLE COMPLIANCE TO SUPPORT PUBLIC HEALTH & SAFETY



With more governments and local jurisdictions enacting laws to legalize cannabis, it remains a complicated legal issue. It is important for jurisdictions where cannabis is legal to demonstrate that they have a serious, effective solution in place to regulate and control cannabis within their borders and beyond. Designed to provide easy access to information for regulatory and enforcement users, SICPA's proven SICPATRACE® Cannabis solution addresses the key issues facing governments:

- Detecting insertion of unlicensed and illegal products
- Ensuring consumer safety
- Tracking of diversion
- Protecting proof of origin
- Supporting enforcement
- Enabling tax collection

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
- Patients and 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

SECURING THE PRODUCT IS KEY

In partnership with governments, SICPA's solution combines material (secure stamps featuring sophisticated anti-counterfeiting technology) and information-based security to confirm sensitive products are legitimately

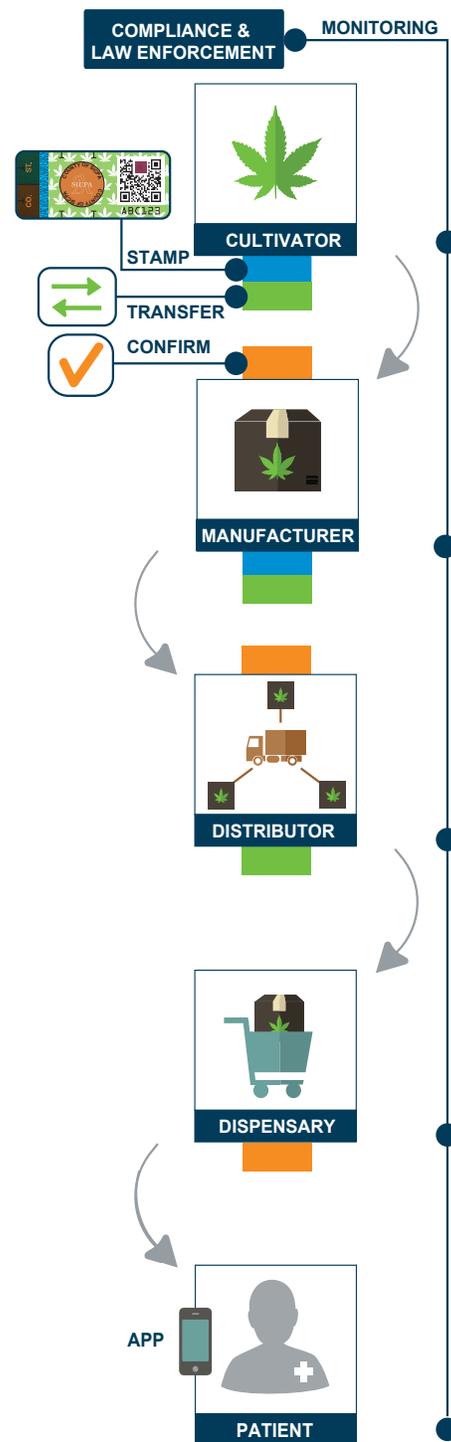
produced and sourced, and follow a defined path through the supply chain. SICPA's secure stamps are a proven method of fighting counterfeiting and illegal replication of codes used for billions of regulated products in government run track-and-trace programs. These secure stamps allow for data collection and business intelligence, enabling local agencies and enforcement agents to track product from grow site to point of sale and allowing patients to validate the stamp, product information, test results and the proof of origin of the product.

SICPA's solution documents a forensic trail across the cannabis supply chain, from cultivator to dispensary, enabling officials and law enforcement to accurately track individual plants and products, identify and reduce the spread of illegal cannabis, keep products out of the hands of minors, and bring criminals to justice. This solution promotes public health, addresses public safety concerns, and, if desired, ensures appropriate revenue collection for state and local economic development purposes.

TAX COLLECTION SUCCESS

As part of cannabis legalization, many jurisdictions are implementing tax programs with the goal of using the revenues to support education, public health, and enforcement initiatives. SICPA has a proven track record of modernizing excise tax collection across the globe, providing security solutions for billions of excisable products—including alcohol, tobacco, soft drinks, and bottled water – worldwide, and helping governments collect more than \$55 billion a year in excise taxes.

In the cannabis market excise taxes will face the same challenges as other regulated goods (i.e., alcohol, tobacco, etc.). Since 2018, SICPA, in partnership with Canadian Banknote, has provided Canada with cannabis excise tax stamps, which are



required to be placed on all cannabis products sold in the country.

SECURE STAMPS UNIQUELY IDENTIFY PRODUCTS THROUGHOUT THE SUPPLY CHAIN TO PREVENT COUNTERFEITING AND FRAUD

PROOF OF ORIGIN

Traceability and authentication have become increasingly important for managing the safety of food, pharmaceuticals and other controlled substances like cannabis. SICPA can add a proof of origin element to any cannabis control program through a customized website and/or smartphone app that interacts with the secure stamps to allow patients and dispensaries to:

- Verify that an item is genuine
- Obtain information about a product's origin, including when and where it was produced
- View information about producers, products and product test results
- Report concerns about product or stamp integrity

In 2016, SICPA implemented SICPATRACE® solutions for government regulators in the preeminent cannabis cultivating regions of California, including Humboldt County, Mendocino County, and Yolo County. These successful programs provide comprehensive tracking and traceability of the marijuana supply chain from seed to sale to support both industry compliance and regulatory controls and enforcement.



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

Visit <https://us.sicpa.com/calorigin> for an example.

ABOUT SICPA

SICPA is a leading global provider of secured authentication, identification and traceability solutions and services and a long-trusted advisor to governments, central banks, high security printers and industry. Founded in 1927, headquartered in Switzerland and operating on five continents, SICPA's mission is to Enable Trust through constant innovation. Based on core expertise in high security inks the company protects the majority of the world's banknotes, security and value documents from the threats of counterfeiting and fraud.

SICPA integrates material covert features and cutting-edge digital technology to offer sophisticated traceability and supply chain protection solutions and services, enabling governments to optimize tax revenues (e.g. for products subject to excise tax duties) and enforce regulations (e.g. for cannabis products). SICPA's proven solutions are applied at both a national level and internationally across borders to facilitate legitimate trade.



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