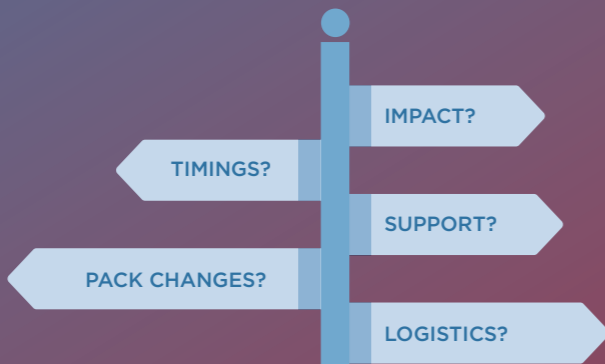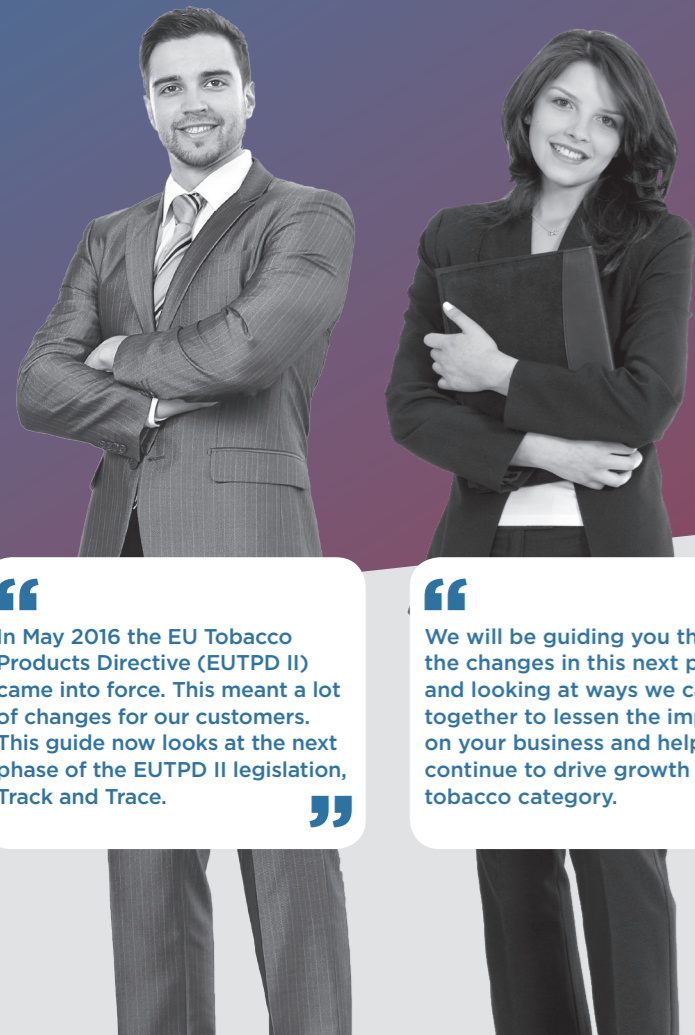# ARE YOU READY FOR THE ROAD AHEAD?

> In May 2016 the EU Tobacco Products Directive (EUTPD II) came into force. This meant a lot of changes for our customers. This guide now looks at the next phase of the EUTPD II legislation, Track and Trace.

> We will be guiding you through the changes in this next phase and looking at ways we can work together to lessen the impact on your business and help continue to drive growth in the tobacco category.

Track & Trace comes into force on **20 May 2019**. Cigarettes, Roll Your Own and Make your Own tobacco products must be trackable and traceable and include a security feature.
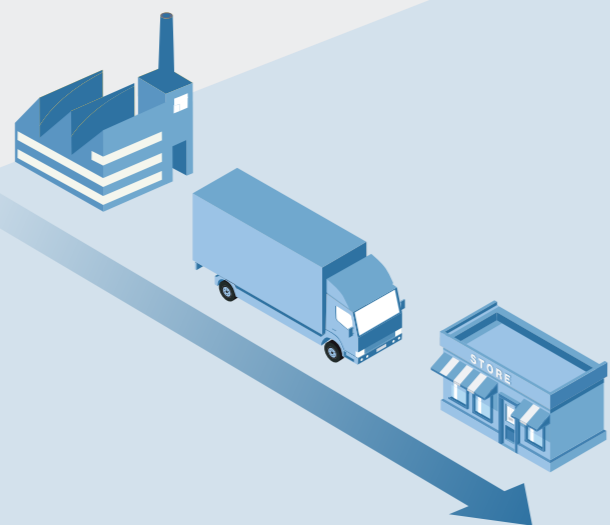
Other tobacco products will be affected from May 2024.

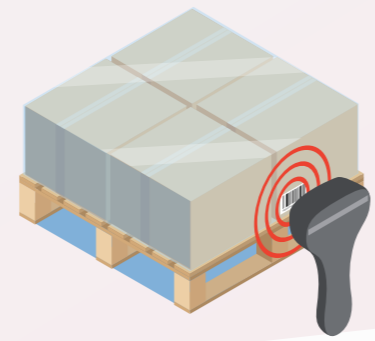## TRACK & TRACE WILL COVER 2 MAIN AREAS

1. Coding of product packaging
2. Scanning of products from manufacturers up until first retail outlet

Extra security features will also be added to the pack

Track and Trace requires all tobacco manufacturers to apply coding to all tobacco product packaging including the pack, the outer, the master case and the pallet, so it can be tracked from manufacturer all the way through to the retailer.

PRODUCT SCANNING

1 On dispatch, tobacco manufacturers will be required to scan the code of the aggregated level the product is dispatched in.

This could be the outer, the master case, or the pallet it is dispatched on.

2 On delivery, the wholesaler or distributor will only need to scan either the pallet or master case - depending on the aggregated level it has been shipped - into the facility and record this data appropriately.

3 The code will need to be scanned when the package is dispatched into the lorry and then scanned again on delivery to the next economic operator, e.g. Cash & Carry. The retailer does not have to conduct an entry scan, but the wholesaler must conduct an exit scan.

If the pallet or master case is subsequently broken up and the products repackaged, a new code will be required for the outside of the new aggregated packaging.

REQUEST UI

At this stage UIs can be either requested or self-generated, in accordance with the relevant rules and under application of the applicable ISO standards.

The economic operator will send an electronic request to the ID issuer for an aggregate level Unique Identifier.

The request needs to include the economic operator identifier code and the facility identifier code.

UI shall be sent electronically within 2 working days from receipt of the request via the router.

Requests can be cancelled within one working day of the receipt.

The code will need to be scanned when the package is dispatched into the lorry and then scanned again on delivery to the next economic operator.

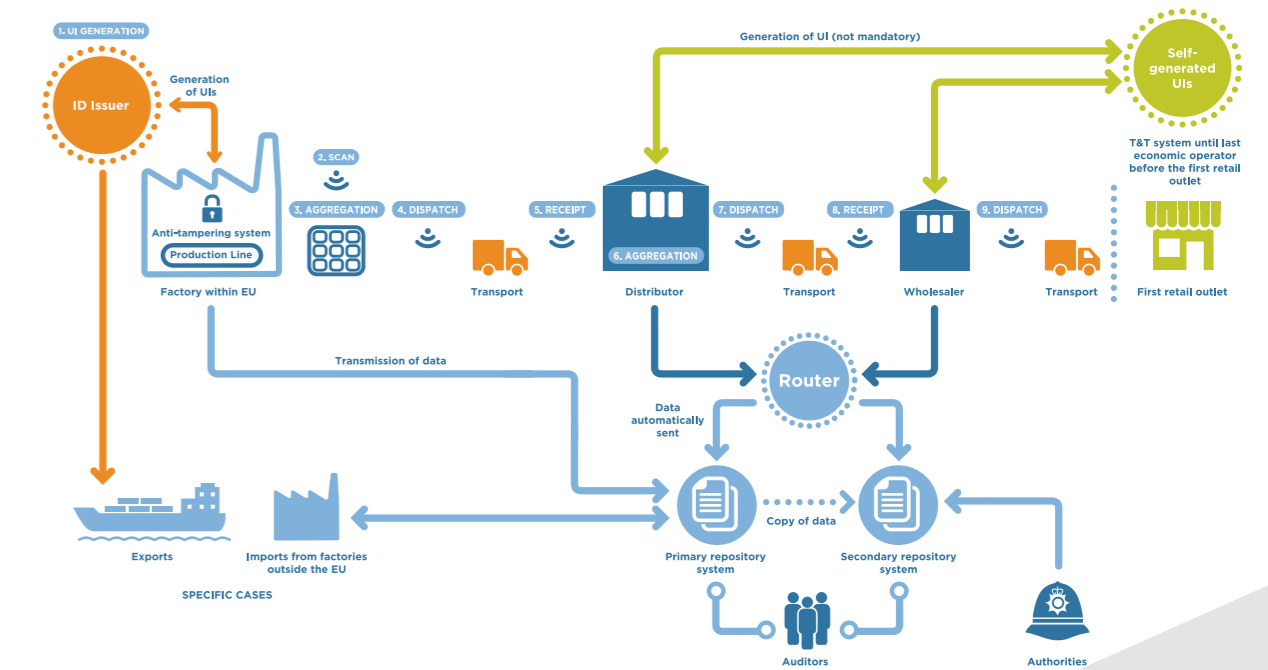Cigarettes in vending machines and returns will also need to be scanned.

The Track and Trace process finishes with the outbound scanning into the first retail outlet.
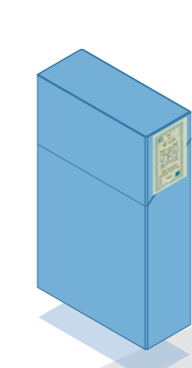
The Wholesaler or Distributor will also need to capture and record the invoice that has been issued, the order number and receipt of payment for each order.

- This data will need to be transmitted to the data centre within 24 hours.
- Dispatch and transloading data will need to be sent within 24 hours.

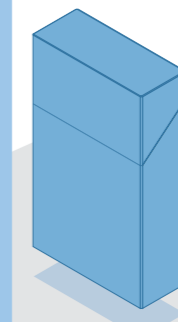## OVERALL ARCHITECTURE OF T&T SYSTEM

ID Issuer

Self-generated UIs

Anti-tampering system Production Line

Factory within EU

Transport

Distributor

Transport

Wholesaler

Transport

First retail outlet

Transmission of data

Router

Data automatically sent

Exports

Imports from factories outside the EU

Primary repository

Copy of data

Secondary repository system

SPECIFIC CASES

Auditors

Authorities

SECURITY FEATURES

Tax Stamp Markets

There will be no less than 5 authentication elements on the individual pack that are required to ensure it conforms to EUTPD II legislation. These will either be part of the tax stamp feature or separate to the tax stamp.

Security features will be:
Affixed
Printed
Combination of affixed and printed

Non-Tax Stamp Markets

There are two options for non-tax stamp markets:

1. introduction of a national banderole / decorative stamp which is only fulfilling the Security Feature requirements and does not comprise any tax stamp functions.
OR
2. application of different required authentication elements elsewhere on packs (ink technology, taggants, fibres, magnetic elements, etc.)

Security features will be:

› **Overt**
Meaning directly perceptible by one or more of the human senses without the need to use an external device.

› **Covert**
Meaning not directly perceptible by the human senses and detectable only through the use of professional laboratory equipment.

OR

› **Semi-covert**
Meaning not directly perceptible by the human senses but detectable by those senses through the use of external devices.

2018

It is not yet defined what the exact requirements are for [insert market name]. It will be the responsibility of our government to determine the applicable security features.

Latest by 20 September, they will advise us on the combinations of authentication elements that are to be used in security features applied to unit packs of tobacco products in our market.
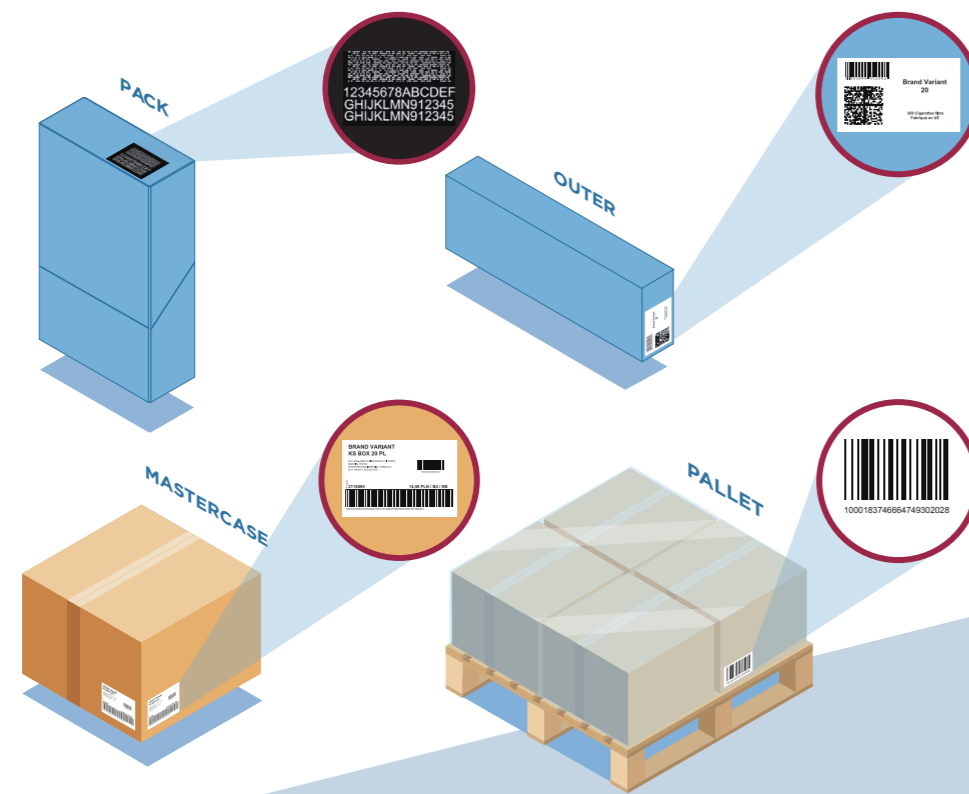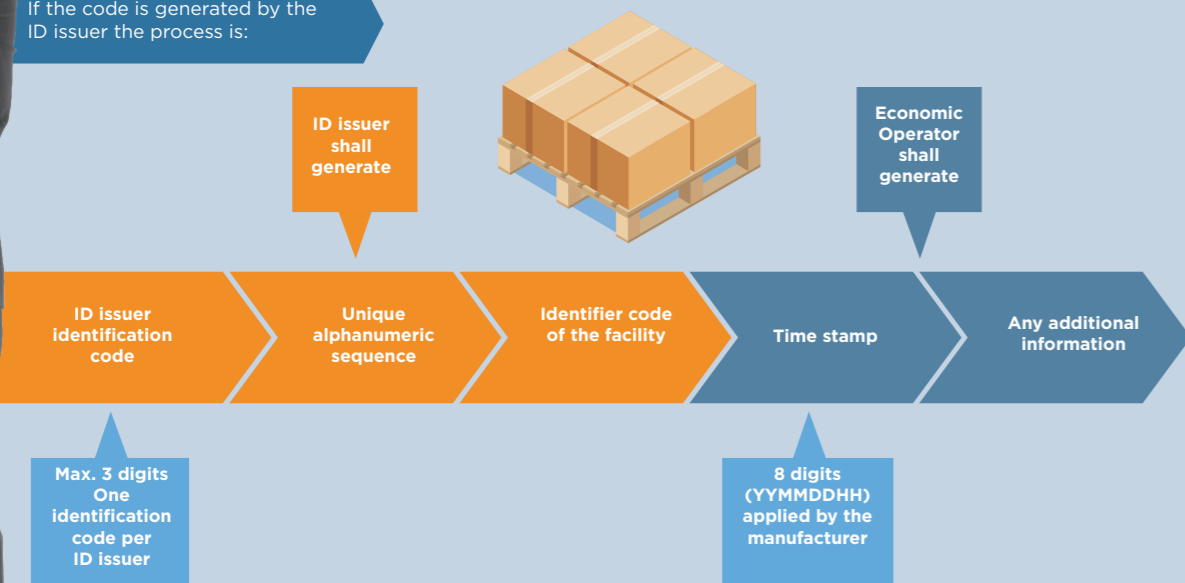
CRISIS MANAGEMENT

> A crisis management system will be in place for Track & Trace to ensure least amount of disruption if there is a system breakdown and will be built into your contract and service level agreement.

THE UNIQUE IDENTIFIER CODE

Coding is applied via a **Unique Identifier Code**. At aggregated packaging level i.e. outer, master case or pallet there will be a unique sequence of a maximum of 100 digits. The aggregated level UI code can either be generated by an ID issuer or the Economic Operator can generate it itself. The aggregated level UI code is not mandatory but as it is current business practice we will continue to apply them on all levels of packaging.

PACK

OUTER

1234567ABCDEF
GHIJKLMN912345
GHIJKLMN912345

Brand Variant
20

MASTERCASE

PALLET

BRAND VARIANT
KS BOX 20 FL

100018374696474930202

If the code is generated by the ID issuer the process is:

ID issuer
shall
generate

Economic
Operator
shall
generate

ID issuer identification code	Unique alphanumeric sequence	Identifier code of the facility	Time stamp	Any additional information

Max. 3 digits
One identification code per ID issuer
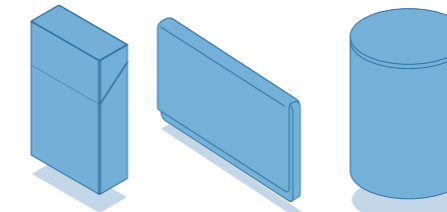
8 digits (YYMMDDHH) applied by the manufacturer

TRACK & TRACE TIMINGS

2019

20 May 2019

Cigarettes, Roll-Your Own and Make-Your Own products manufactured from 20 May 2019 onwards to be marked with unit level UI, aggregated UI and security features.
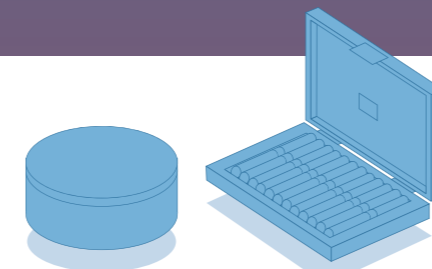
20 May 2020

Cigarettes, Roll-Your Own and Make-Your own products manufactured or imported before 20 May 2019 and not marked with unit level UI's or security features may remain in circulation until 20 May 2020.

2020

2024

20 May 2024

Tobacco products other than cigarettes, Roll Your Own and Make-Your own manufactured after 20 May 2024 to be marked with unit level UI, aggregated UI and security features.

20 May 2026

Tobacco products other than cigarettes and Roll Your Own and Make-Your own manufactured or imported before 20 May 2024 and not marked with UI's or security features, may remain in free circulation until 20 May 2026.

2026

Contact:

TBC	TBC
TBC	
	e. TBC
e. TBC	t. TBC
t. TBC	

MAKING THE JOURNEY THROUGH EU TOBACCO LEGISLATION

› TRACK & TRACE
› SECURITY FEATURE

Keeping you on the right road to EUTPD II compliance

IMPACT?

TIMINGS?

SUPPORT?

PACK CHANGES?

LOGISTICS?

Imperial Tobacco

Work together, win together