

ITSA 2nd Annual General Meeting

Tuesday 8 May 2018 – Radisson Blu Hotel, Nairobi, Kenya

Present:

Christine Macqueen - SICPA (Chair) (and acting as proxy for one member)
Oscar Turriago - Thomas Greg & Sons
Keith Thompson - OpSec Security
Barna Barabas - Jura JSP
Carlos Robles - Rolland Enterprises (and acting as proxy for one member)
Kelly Smith - Ashton Potter
Tomáš Rovňák - Allexis
Rob Stierman - KBA-NotaSys
Quentin van den Hove - Agfa

Nicola Sudan - ITSA General Secretary
Samantha Burns - Reconnaissance
Mark Deakes - Reconnaissance

Apologies and absentees:

Juan Carlos Yanez Arenas (Chairman of ITSA) - Thomas Greg & Sons
Zbigniew Sagan - Advanced Track & Trace
Corinne Murcia Giudicelli - SURYS
Ajit Kumar Surana - Holoflex
Rajah Sunder Singh - Madras Security Printers
Chanwanich Security Printing
Leonhard Kurz
Manipal Technologies
Uflex
INCM

Minutes:

1. Anti-Trust Statement

Read out by Sam and signed by all members.

2. Apologies for Absence

Apologies from Juan Carlos, Zbigniew, Corinne, Ajit and Rajah.

3. Secretariat Report

Nicola presented the Secretariat report (presentation attached), illustrating what had happened since the last AGM and plans for 2018 and beyond:

- **Membership Status**

ITSA currently stands at 18 members. This includes 9 founder members (with the tenth founder - Holostik - having resigned in 2017) and 2 new members appointed since the last AGM in January 2017 - Agfa and INCM. A key priority for ITSA remains that of acquiring new members in order to ensure its longevity and secure much-needed funding.

- **2017 Achievements and next steps**

There were 2 main objectives for the association in 2017, the first one relating to the ISO 22382 (ex 19998) guidance standard for the content, security, issuance and examination of excise tax stamps. ITSA was initially founded to fund and contribute to this standard, and is happy to report it is now due for publication by autumn 2018 at the latest. The next step will be to promote the standard far and wide to, essentially, national tax stamp issuing authorities.

The second objective of ITSA in 2017, which took up the largest part of ITSA's time and resources, was to advocate the benefits of tax stamps in relation to the EU Tobacco Products Directive (TPD). The directive requires that by May 2019 all cigarettes sold on EU territory carry a unique identifying code for track and trace, accompanied by irremovable, tamper-evident, visible and invisible security features.

ITSA put forward the benefits of using tax stamps as a secure, independent carrier of both the unique identifier and security features. To this end, ITSA formed a sub-group composed of European board members, tasked with creating positioning statements and press releases, participating in face-to-face meetings and stakeholder workshops set up by the European Commission, partnering with likeminded NGOs such as Smoke-Free Partnership and European Cancer Leagues, and making direct approaches to the European Parliament.

As a result of these endeavours at EU level, ITSA succeeded in raising its profile among all concerned stakeholders. In addition, some of what ITSA advocated was taken on board in the implementing acts of the Directive - although unfortunately not everything. As a result, the final implementing acts of the TPD continue to give too much independence to the tobacco industry in terms of its ability to print and apply the unique identifier, as well as choose the data storage provider and select and produce most of the security features.

ITSA is now presented with a window of opportunity to convince EU member states to opt for tax stamps as carriers of the unique identifier and security features required under the TPD. One member suggested we make a 20 second movie with our key messages in this regard to use as a more effective alternative to static words on paper.

- **2018 Member Survey Results**

In order to move ITSA forward in 2018 and beyond, the board conducted a member survey a few months ago, in order to learn what it should be concentrating on in terms of main objectives and areas of improvement. The survey (the results of which are listed in the attached secretariat presentation) asked the members 5 questions:

1. What do you see as ITSA's priorities and actions for 2018 and beyond?
2. What should ITSA be doing in terms of communications to make itself more visible?
3. What about Internal communication between ITSA members?
4. What benefits should ITSA offer to increase value of membership?
5. Anything else you would like to say?

The common key points arising from the survey were:

1. The need to raise awareness/'evangelise' tax stamps
2. The need to work on standards - both promoting ISO 22382 and driving other, related standards
3. The need to help members with regard to understanding related protocols and laws
4. The need to represent the tax stamp industry to governments and NGOs

- **Working Groups to Realise Needs Identified in Survey**

In order to evaluate and realise the needs identified in the survey, the board decided to create 5 working groups to address specific areas, composed of all ITSA members wishing to take a more active role in the association. It was however emphasised that the 'wish list' that came out of the survey would have to be carefully measured against current and potential future resources available to ITSA.

The working groups are as follows:

WG1 - Advocacy - to raise awareness of the benefits of tax stamp programmes for national and regional governments - led by Christine Macqueen

WG2 - Standards - to promote the soon-to-be-published ISO 22382 tax stamp standard - led by Zbigniew Sagan

WG3 - Communications - to raise the profile of ITSA in the industry and strengthen internal communication between members - led by Corinne Murcia Giudicelli

WG4 - Partnerships - to cultivate partnerships with stakeholders that share ITSA's position and priorities, such as international organisations - led by Keith Thompson

WG5 - Memberships - to grow the membership base of ITSA and ensure its longevity - led by Juan Carlos Yanez Arenas

The next step is to recruit members to the groups by way of a separate communication process. In the meantime, some members expressed their interest to join the following

groups:

Rob Stierman - WG2 - Standards
Carlos Robles - WG4 - Partnerships
Kelly Smith - WG5 - Memberships

Some members also expressed the following ideas with regard to generating more income and visibility for ITSA:

- Charge a fee for carrying out workshops for different stakeholders (eg. employees of member companies, revenue authorities - although it's always a challenge to get revenue authorities to pay anything for anything)
- Appoint revenue authorities as ITSA members at a reduced fee and special member status (but, again, note the point above about getting any fee whatsoever out of them)
- Hold a mini regional Tax Stamp Forum in Latin America, where there is a lot of activity around tax stamp programmes, as well as eventually in Asia
- Write articles/statements on specific topics as the first step towards holding specific conferences/workshops. Use Tax Stamp News, the ITSA website and social media to disseminate the articles
- We need to go further afield than tax stamps in our communications (there was even a suggestion to hold a competition to rename ITSA, Tax Stamp News, Tax Stamp Forum, to reflect this expanded scope)

4. Appointment of Accountants for FY 2018

ITSA currently uses the UK company Durrants Calleva as its accountants, and, given its size, does not also require an auditor. All members were in favour of retaining Durrants.

5. Budget and Memberships for 2018

Nicola presented the 2018 budget based on the current 18 members. This is attached herewith. The request was made to also have sight of ITSA's accounts receivable, as well as the 2018 actual and committed expenditure to date.

The membership fee remains unchanged at £5,000, and the secretariat fee has increased by £5,000 to £25,000. A higher public relations fee than 2017 (£20,000 compared to £11,000) is explained by additional promotional activities around ISO 22382. However, the fee for Ian Lancaster's work as ISO 22382 project leader is reduced from £25,000 in 2017 to £11,000 in 2018, due to the fact that the standard is almost finished. The fees for hosting the website have been reduced by half, considering that we won't have the same set-up fees as in previous years. The figures highlighted in yellow attached reflect discretionary amounts that can be adjusted upwards or downwards depending on the number of members.

The costs to ITSA of additional benefits to members, which were agreed by the Board at the beginning of 2017, include subscriptions to Tax Stamp News (where ITSA pays Reconnaissance an annual fee of £595 per member, less a 30% discount), plus a fee of £1,100 per annum for a tax stamp tender alert service.

As at the end of 2017, ITSA has reserves of £19,808 and is budgeted to make another £8,400 additional reserves in 2018. It was suggested, however, that given the urgency and cost of some of ITSA's key activities (eg. advocacy at EU level), now is the time to use these reserves to fund effective communication tools such as a promotional movie.

6. Board Nominations and Elections

The ITSA board currently has 7 members, 3 of whom have been nominated for re-election (for an additional 2-year period) and one of whom is resigning.

The 3 nominated for re-election are: Christine Macqueen, Juan Carlos Yanez Arenas and Zbigniew Sagan. All 3 were re-voted to the board, with 3 votes each. They will now begin their second 2-year term on the board effective 8 May 2018.

The fourth place on the board was vacated by Carlos Robles (who was thanked wholeheartedly for his valuable contribution). His place was filled by Gerben van Wijk of KBA-NotaSys who received 2 votes and who now becomes the newest member of the board for a period of 2 years effective 8 May 2018.

The new board therefore consists of:

Juan Carlos Yanez Arenas - who continues as chairman of the board
Zbigniew Sagan
Christine Macqueen
Corinne Murcia Giudicelli
Ajit Kumar Surana
Keith Thompson
Gerben van Wijk

7. Date and Location of 2019 AGM

It was announced that the 3rd AGM would likely be held in autumn 2019 during the Tax Stamp Forum, in Budapest, Hungary.

Nicola Sudan,
General Secretary ITSA

21 May 2018