AFIRM Factory RSL Management System

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Nike

India
6 November 2008
What is the RSL?

A list of substances:
- restricted by legislation, or
- selected for elimination by brand

The RSL is intended to protect:
- the consumer
- the worker
- the environment
- the brand image
How is RSL Implemented?

- Legislation and NGO activity tracked globally
- Substances with restrictions listed
- Testing tailored for products
- RSL rolled out to suppliers/factories
- Training – internal and external
- Monitoring program (testing and management)
The RSL Applies to ALL Apparel, Footwear & Equipment

- Development*, production, finished products
- All textiles, leather, plastics, rubber, hard and soft trim items
- All factory supplied screen prints, embellishments, contracted items, and garment wash treatments

• RSL should be in the Supply Agreements!
Factory & Vendor Responsibility

UNDERSTAND, EDUCATE and ENSURE COMPLIANCE

- Contractor-supplied items
- Every component of every product
- All packaging components (PRSL)

Factory RSL Management System
IMPORTANT SLIDE!!

Samples identified based on divisional selection criteria

Testing Process ➔ Fail ➔ Follow-up

Success ➔ Ship product

DO NOT SHIP WITHOUT AN RSL “PASS”!!

Drop product
Implementation

Corporate Finished Product
Restricted Finished Product
Substance List
[Table of Chemicals, Limits, Countries of Strictest Legislation, Recommended Test Methods]

Apparel Implementation Document
[Division Specific Verification Process]

Equipment Implementation Document
[Division Specific Verification Process]

Footwear Implementation Document
[Division Specific Verification Process]
VARIATIONS ON A THEME

**Apparel**
- Items Identified for Testing
- Testing Completed at Approved 3rd Party Laboratory
- Results Stored in Database
- Shipping Decisions Based on Testing Results

**Equipment**
- All New Finished Goods Styles Tested
- Testing Completed at Approved 3rd Party Laboratory
- Results Stored in Database
- Product Confirmed Based on Testing Results

**Footwear**
- Items Identified for Testing
- Testing Completed at Approved 3rd Party Laboratory
- Results Stored in Database
- Material/Product Verified Based on Testing Results

Factory RSL Management System
Factory RSL Management System

ASSIGNED - VS - PROACTIVE

- Data from assigned testing is tracked
- Factory / Vendor test data is not received or tracked
- Proactive testing lets YOU find a problem before we do.....
WHY WE COLLECT TEST DATA

- Vendor performance (Tiering)
- High risk materials
- High risk colors/finishes
- Material used in Kids’ products
- Materials with direct skin contact
- High volume
<table>
<thead>
<tr>
<th>Vendor</th>
<th>LO</th>
<th># of Last 25 tests</th>
<th># PASS</th>
<th># FAIL</th>
<th>PASS %</th>
<th>Status</th>
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EXAMPLE OF VENDOR TIERING

LESS TESTING: Only test Kids and Adults high risk material in high risk colors

Test Kids and Adults high risk material in all colors + high risk colors in any material

LOTS of TESTING: Test more materials in more colors

- Based on the last 25 samples
- High risk suppliers test MORE
- High risk materials are a focus
- Rewards reliable partners
**Factory RSL Management System**

### High Risk Material

- Natural leather and coated leather
- Synthetic Leather
- Rigid Plastic and TPU
- Inks and Adhesives
- Paints
- Metal Parts
- **Material with direct skin contact**
  - Sockliner textile (top cloth)
  - Lining
High Risk Colors

- Black
- Red
- Blue
- Fluorescent / Iridescent
- Metallic finish
- White (volume)
RSL Testing Requirements

- Use only “Approved 3rd Party” laboratories
- Attach a completed sample test request form (TRF)
- Expect some Random testing
- Perform supplier initiated testing
**Sample Test Request Form**

### LAB INFORMATION

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<th>Lab Tracking No.</th>
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<tr>
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### SAMPLE INFORMATION (Fields marked with an asterisk are required)

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<th>Brand Material Number</th>
<th>Factory Material Number</th>
<th>Vendor Number</th>
<th>Product Number (SKU)</th>
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<th>Color Code</th>
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<tr>
<th>Submission Date ( mm / dd / yyyy )</th>
<th>Material PASS / FAIL</th>
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<table>
<thead>
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<th>Submitter Contact Info (phone / fax / email)</th>
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<tr>
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<th>Lab Contact Name</th>
<th>Lab Contact Info (phone / fax / email)</th>
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Understanding Testing

Core Testing
Legislated with a high probability of being found in current materials

Supplemental Testing
Important to exclude from product, but less likely to be found
Brand HQ Responsibilities

- Design and develop products to meet RSL requirements
- Define high risk materials/colors
- Follow-up on development testing results
- Tier suppliers on a monthly basis
- Engage with Product Integrity dept. to create safe, healthy products from concept to retail
Regional Office Responsibilities

- Communicate RSL requirements to key vendor/factory contacts
- Develop products to meet global safety standards
- Follow-up on development testing results with vendor/factory
- Track submissions of item/colors requested for RSL testing
- Communicate any production and/or testing challenges

Factory RSL Management System
Factory Responsibilities

- Ensure products meet RSL or PRSL requirements
- Monitor incoming materials for passing RSL tests where required
- Work with suppliers to resolve issues with failing materials
- Select and test incoming production material to verify vendors’ RSL compliance
Vendor Responsibilities

- Sign the RSL/PRSL Acknowledgment
- Roll RSLs out to their supply chain
- Submit materials for RSL testing where required
- Resolve issues around failing materials
- Complete Failure Follow-up Form on all RSL Failures – return within 2 weeks
- **DO NOT SHIP WITHOUT A PASS!!**
Successful Suppliers Do the Following

Understand the Restrictions

Understand What Chemicals They Are Buying
- The Cheapest Chemicals are NOT always the best

Put Controls in Place
- Purchasing
- Use
- Testing (for things you are unfamiliar with)