

Apparel and Footwear International RSL Management (AFIRM) Working Group

RESTRICTED SUBSTANCE LIST SEMINAR





Welcome

Apparel Footwear International RSL Management Restricted Substances List Seminar

Timberland 🏵

NORDSTROM

The Phylmar Group, Inc.

a stary

Introduction to AFIRM **Betsy Blaisdell Supply Chain The Timberland Company**





adidas

Who We Are

•Multi-company working group that includes:

- apparel and footwear companies with RSLs
- regulatory, product safety and chemistry experts

Which shares

MARKS & SPENCER

- best practices
- •RSL management, information and experiences, and benchmarking.

•Complies with the antitrust laws of the US ©AFIRM 2007

NORDSTROM

The Phylmar Group, Inc.

a al e h barety



Why We're Here

- Regulatory burden is growing
- Green consumerism is rising
- Brands managing RSLs are growing
- Streamlining requests of suppliers and manufacturers
- Leverage resources through partnerships
- Ownership of chemical product safety at all levels is a must

•Factory self-governance on chemical product safety is required to prevent product recalls and cancelled contracts





e











Different But Similar

- Individual companies have their own RSLs. The differences between them are minor.
- •All have similar:
 - Missions
 - Guiding principles
 - Approaches

NORDSTROM

The Phylmar Group, Inc.

MARKS & SPENCER

e

©AFIRM 2007





adidas

AFIRM's Mission

- Advance global management of RSL in apparel and footwear manufacturing
- Communicate information about RSL throughout the supply chain
- Share best practices for improving RSL management

NORDSTROM

The Phylmar Group, Inc.

©AFIRM 2007

Timberland 🏵

 Ultimately, elevate consumer satisfaction

MARKS & SPENCER

e

Guiding Principle

#1

Chemical product safety must be understood in the global supply chain as an integrated whole, from workplace to consumer



Guiding Principle

#2

Chemical product safety can only be achieved through partnership among retailers, suppliers and manufacturers.



Guiding Principle

#3

Retailers must encourage suppliers' and manufacturers' self-governance of chemical product safety

NORDSTROM

The Phylmar Group, Inc.



P

MARKS & SPENCER





PURPOSE OF THE SESSION

Jeffrey Birtwistle

Product Compliance Management

C&A EUROPE

NORDSTROM

The Phylmar Group, Inc.

Hasleh B Safety

MARKS & SPENCER

©AFIRM 2007

WHAT CAN YOU EXPECT **TO GAIN TODAY** Additional understanding Apparel about AFIRM's mission Footwear Who we are What we do International Our main concerns RSL Understanding Management Partnership Social Responsibility 2007 è NORDSTROM MARKS & SPENCER GAP adidas The Phylmar Group, Inc. a al e h Safaty Timberland 🏝



GAP

adidas

ev

MARKS & SPENCER

WHAT CAN YOU EXPECT TO GAIN TODAY

- RSL's what & why
- Chemicals are everywhere
 - Consumer concern
- Where is the final destination
 - Product safety

NORDSTROM

The Phylmar Group, Inc.

©AFIRM 2007

adidas

GAP

adidas

WHAT CAN YOU EXPECT TO GAIN TODAY

Chemical categories and classification

- By law
- Stockholm convention
- Consumer classification
 - Oeko-tex
 - Toxproof
 - S.G. label
 - Eco-label "Flower"

©AFIRM 2007

Timberland 🏝

• ETAD

NORDSTROM

The Phylmar Group, Inc.

- External classification schemes
- R.E.A.C.H.

MARKS & SPENCER

e e V



SOURCES OF FAILURE

- Where do restricted chemicals come from
 - Main failure areas in supply chain
 - Transparency of information
 - Secondary chemicals in production

The Phylmar Group, Inc.

©AFIRM 2007



MARKS&

SPENCER







TIPS FOR COMPLIANCE



adida

- True source of failures
 - Product control
- Seeking / sharing knowledge
 - Control of processes
 - Keeping records is good management
- Why failure has to be avoided

NORDSTROM

The Phylmar Group, Inc.

MARKS & SPENCER

e

©AFIRM 2007

Timberland 🏝

a al e h Safaty

TESTING PROCEDURES



- General procedure
- What needs to be tested
- Customer preference
- Importance of testing

NORDSTROM

The Phylmar Group, Inc.

©AFIRM 2007



SOME CONCERNS

- From cotton plantation to finished garment, 14000 potential dyes /chemicals
- Group sells several billion pieces of apparel/footwear every year
- A large percentage of chemicals have direct skin contact
- A large percentage may pollute air, land and surface water

he Phylmar Group, Inc.

 Risk exposure is significant
 CAFIF RM 2007











RSLs – What and Why?

Sean Cady Levi Strauss & Co.

- Legislation
- Non-Governmental Organization
- Health and Environment



What is an RSL? Why?



- Prohibited from use
- Limited in the product
- Restricted in manufacturing
 - Legislation
 - NGO

NORDSTROM

MARKS & SPENCER

ev

adidas

Consumer / worker protection
 CAFIRM 2007

The Phylmar Group, Inc.

a al e h Safaty

Chemicals Critical for consumer products Unique properties Unique purpose Where does the chemical end up? **©AFIRM 2007** NORDSTROM MARKS & SPENCER e The Phylmar Group, Inc. a sleh Timberland 🏵 adidas





GAP

adidas

Important?

Why is an RSL Important?

- Product safety
- Responsibility
- Comply with legislation
 - Brand image

CAFIRM 2007

Legislation



Formaldehyde

• China, Japan, Russia, South Korea, EU Countries

Limit for product:

Indirect: 150 ppm

Direct: 75 ppm

NORDSTROM

The Phylmar Group, Inc.

MARKS & SPENCER

e

Baby: 20 ppm * CAFIRM 2007

a sleh



Non-Governmental Organizations

Oeko-Tex



• Azo amines: 2 more than EU

• Disperse dyes: 12 more than EU











©AFIRM 2007

Oeko-Test

Poisonous Cord



Found: 408 ppm benzidineLaw: 30 ppm

In the blue cord of a child's sweater, the quantities of aromatic amines were so high that it should not be sold.





Consumer Protection

Types of consumer reactions:

- Skin irritation
- Sensitization
 - Cancer
- Respiratory irritation

Dyes, Resins, Solvents

The Phylmar Group, Inc.

a al e h Safaty

NORDSTROM

©AFIRM 2007



Summary



adidas

ev

MARKS & SPENCER

RSLs Help To:

- Comply with the law
- Protect the consumer
- Protect the environment
 - Meet NGO concerns
 - Protect business

NORDSTROM

The Phylmar Group, Inc.

©AFIRM 2007



adidas

Chemical Categories

Chemical Categories

and Classification schemes

by

Marcus Kuerner

Senior Environmental Manager

adidas-Group

NORDSTROM

The Phylmar Group, Inc.

baraty

©AFIRM 2007

Chemical Categories

Classifications by Law

- German ChemikalienVerbots Verordnung
 (Chemicals Act)
 - §30 of the Food and Commodities Law (LMBG)
 - Directive 76/769/EEC and amendments (restrictions on marketing and use of certain dangerous substances)
 - Japan Law 112
 - California Proposition 65
 - Various national Laws on global base

GAFIRM 2007





adidas

Chemical Categories

Other Classification Schemes

 Stockholm Convention on Persistent Organic Pollutants (POP's)

Targeting prevention and phase out of chemicals according to their inherent characteristics:

- persistent

- toxic

- bio-accumulative
- endocrine disrupting

NORDSTROM

The Phylmar Group, Inc.

a al e h barety

MARKS & SPENCER

e

©AFIRM 2007



Chemical Categories

"Consumer" Classification Schemes

- Oeko-tex 100 (www.okotex.com)
 - TÜV Toxproof
 - SG Label
 - For Inks/Dyes: ETAD

(Ecological and Toxicological Association of **Dyes and Organic Pigments Manufacturers)**

www.etad.com

WFSGI RSL

BSR RSL

©AFIRM 2007

Timberland 🏵

a al e h barety


"External" Classification Schemes

- Retail
- NGO's
- EN 71
- RoHS

©AFIRM 2007





Ta/VI









Classifications in progress

US EPA decision on PFOA's (chemical for fluorocarbons)

 Phthalates to be integrated under California Proposition 65

• REACH

Registration, Evaluation and Authorisation of Chemicals

NORDSTROM

The Phylmar Group, Inc.

a al e h barety

Ì

MARKS & SPENCER

©AFIRM 2007

Timberland 🏵

adidas

Examples of Restricted Substances

Heavy Metals

Cadmium (dyes and stabilizers => accumulating, bone and renal damage)

Chrome VI (tanning agent => carcinogenic, strong sensitizer)

Lead (dyes and stabilizers => accumulating, neurotoxic, damage of haematopoiesis)

Mercury (pesticides => accumulating, neurotoxic, renal damage)

The Phylmar Group, Inc.

a al e h bafaty

©AFIRM 2007

Timberland 🏝

Nickel (metal/alloy => strong allergen, carcinogenic)







Examples of Restricted Substances

Phenols

Pentachlorophenol PCP (fungicide, pesticide => hepato- and renal toxic, carcinogenic, contains dioxins)

Tetrachlorophenol TeCP (fungicide, pesticide => hepato- and renal toxic, carcinogenic, contains dioxins)

Ortho-Phenylphenol OPP (preservative, pesticide => toxic)

Sum of Pesticides

The Phylmar Group, Inc.











Timberland 🏝

©AFIRM 2007



Examples of Restricted Substances

Halogenated Organics

Polychlorinated Biphenyls PCB (lubricants => accumulating, mutagenic, teratogenic, some carcinogenic, immunocompromizing)

Chloroorganic carriers (hepatoxic)

Short chained Chloroparaffines C10 to C13 (leather greasing, flame retardants => accumulating, toxic for aqueous life, environmental hazard)

Flame retardants (including Brominated / Phosphor) accumulating, toxic, environmental hazard

the Phylmar Group, Inc.









Timberland 🏝

a al e h barete



Examples of Restricted Substances

- Formaldehyde (preservative, textile auxiliaries => carcinogenic, sensitizing)
 - Phthalates (polymer plasticizer => endocrine disrupter)

Tin-organic Compounds

TributyItin TBT (antimicrobiotical agent, polymerisation => endocrine disrupter, aquatic toxicity)

DibutyItin DBT (polymers, cements, glues, lubricants => endocrine disrupter, aquatic toxicity)

MonobutyItin MBT (polymers, cements, glues, lubricants => aquatic toxicity) CAFIRM 2007

adidas















Apparel and Footwear International RSL Management (AFIRM) Working Group

Restricted Substance List Seminar







WHEN THINGS GO WRONG

....and they will

- FACT:Every company in ourindustry has or will have anRSL related failure.
- FACT: Failures will disrupt business.
- FACT: Failures will damage your brand image.

FACT: Failures will be expensive.

NORDSTROM

The Phylmar Group, Inc.

a al e h Safaty

©AFIRM 2007



EVERYONE WATCHES

©AFIRM 2007

Timberland 🏵



- Governments
- Segislation (REACH)

NGQs
 Consumers

MARKS & SPENCER

We are all concerned.

We are all targets.

We are all responsible.

NORDSTROM

The Phylmar Group, Inc.

a all the baraty



CAPS - Formaldehyde



CADMIUM - Ball

Issue:

Cadmium found during routine testing
 Source = clear outer pvc layer

Solution

- Replaced with technically and environmentally superior TPU
- No cost increase

Cost:

Ì

- Costs ~ €900,000
- Could have been MUCH worse!
 CAFIRM 2007



Cadmium





a all the baraty





Lead

BABY JORDAN - Lead

Issue:

Action.

- Paint peeling from a toddler's
 Shoe contained lead
 - Volumary recall ~110,000 pairs

Cost:

e

• \$4.4 million USD

MARKS & SPENCER

 > \$2.3 million in supply chain logistics and managementFIRM 2007

NORDSTROM

The Phylmar Group, Inc.

a all the Safety





Recap.....

By now you have.....

Gained an understanding of common principles Seen why we have RSL's

Seen some chemicals we control

Seen the consequences of failure

The Phylmar Group, Inc.

©AFIRM 2007















1 Fibre, Yarn, Fabric and Hides

Never Assume it's clean....e.g.

Most silk contains APEO Cotton and wool may contain pesticides Some process oils are carcinogenic

Always verify your raw materials

Know what you bring in

Know what you put on

Know what you send out

CAFIRM 2007





¢







Timberland 🏝

a al e h barety

2 Dyes and Chemicals



Most failures are due to dyes and chemicals that are.....

- Harmful themselves
- Contain significant concentrations of harmful chemicals





Someone Knows What's in the Drum !

Good suppliers know what's there (and should tell you)

MSDS essential....

But many have incomplete information

Many RSL failures due to nondeliberate application

Some companies don't provide MSDS! ©AFIRM 2007









a all the baraty



Chemical Management Risks

Unspecified chemicals in a formulation

Unlabelled drums in the store

Unlabelled buckets by the machine

..All a risk to our customers and your workers

NORDSTROM

The Phylmar Group, Inc.

a al e h barety

MARKS & SPENCER

e

©AFIRM 2007





adidas

3 Ancillary Chemicals

What are you using to....

Clean the machines?

Clean the floors?

Lubricate the machines?

Polish the tables?

Wrap the finished product?

NORDSTROM

The Phylmar Group, Inc.

©AFIRM 2007

Timberland 🏝

a sleh

Remove stains?

MARKS & SPENCER

e



adidas

Ancillary Chemicals

Have you assessed your nontextile/ non-product chemical inventory?

Many common household products are not permitted on our merchandise

NORDSTROM

The Phylmar Group, Inc.

a al e h barety

MARKS & SPENCER

e

©AFIRM 2007



4 Inadequate Process Control

Dyeing and Finishing processes are chemical reactions

Poorly controlled reactions = Risk

NORDSTROM

The Phylmar Group, Inc.

a al e h barete

©AFIRM 2007

Timberland 🏵

Reactions are controlled by...

Ratio of reagents

Temperature

pH

Time





adidas

Common Control Issues

Inaccurate weighing and dispensing

Poor temperature control

Poor pH control

¢

MARKS & SPENCER

Poor humidity control

No written Standard Operating Procedures

NORDSTROM

The Phylmar Group, Inc.

a al e h barety

©AFIRM 2007

Timberland 🏝

Unlabelled chemicals



And now the Good News

You've seen the sources of failure

Now Mattias will share best practice on avoiding failure





ev



Timberland 🏵

Hasleh Safety

©AFIRM 2007



TIPS FOR COMPLIANCE

MATTIAS BODIN

H & M HENNES & MAURITZ AB

Chemical Responsible, Asia

NORDSTROM

The Phylmar Group, Inc.

Saraty

©AFIRM 2007



CONTENTS

NORDSTROM

The Phylmar Group, Inc.

B Safety

©AFIRM 2007

Timberland 🏵

Why do failures occur?

How to avoid failures?

Why avoid failures?



WHY DO FAILURES OCCUR?

To act responsibly, you must know:

Why and how failures occur

What is inside the product

Who has the information

NORDSTROM

The Phylmar Group, Inc.

a sleh

MARKS & SPENCER

©AFIRM 2007





WHAT IS INSIDE THE PRODUCT?





adidas

WHO HAS THE INFORMATION?

Chemical companies must know what their products contain....

BUT, you need to ask!

e

MARKS & SPENCER

If they don't know – don't use them

NORDSTROM

The Phylmar Group, Inc.

a al e h Safaty

©AFIRM 2007


GAP

adidas

HOW TO SUCCEED?

Now we know how to act responsibly.

NORDSTROM

The Phylmar Group, Inc.

©AFIRM 2007

Timberland 🏵

So,

How do we do it? What tools do we have?

MARKS & SPENCER



HOW TO AVOID FAILURES?

Production control:

- 1) Communicate RSL
- 2) Record of chemical products used
- 3) Require necessary information about chemical products

The Phylmar Group, Inc.

4) Person responsible (chemist)

Test products/materials









©AFIRM 2007

COMMUNICATE RSL





RECORD OF CHEMICALS

Know what you are using:

Pre-treatment (scouring, bleaching etc.)

Dyeing/Printing

Finishing (softening, easy-care)

Not only dyes.

Everything is important (wetting agents, dispersing agent, levelling agents, etc.) ©AFIRM 2007













NECESSARY INFORMATION

Require for all chemicals: MSDS (Material Safety Data Sheet) Compliance declaration to RSL Labelled containers

What if Chemical Supplier: Has no MSDS Won't sign declaration Needs to test They don't know -> You can not act responsibly -> Don't use it! Ophic use it! MRRKSE NORDSTROM Imberland Important Imp

EXAMPLE



APEO in Cotton fabric:

- Suspected scouring agent.
- Called chemical supplier and • received confirmation that the chemical contained APEO.

Time needed: 5 min Cost: almost nothing

BUT nobody asked the question before **©AFIRM 2007**

The Phylmar Group, Inc.









a al e h barety

EXAMPLE



Lead in Polyurethane (PU) fabric:

Reason: PU manufacturer received incomplete RSL from garment supplier

- PVC and phthalates
- not heavy metals

Action:

e

Give complete RSL

Time needed: 5 min

Cost: almost nothing











Timberland 🏵

a al e h barety

©AFIRM 2007

SUMMARY



GAP

adidas

Communicate

MARKS & SPENCER

Know and control your chemicals

Request information from chemical suppliers

NORDSTROM

The Phylmar Group, Inc.

a sleh

©AFIRM 2007



AFIRM companies perform testing because:

We don't own production To make sure you act responsibly

Soon, Reiner from PUMA will talk more about testing

The Phylmar Group, Inc.



¢

MARKS & SPENCER



Timberland 🏵

a al e h Safaty

BENEFITS FROM AVOIDING FAILURES?

The Phylmar Group, Inc.

Cost avoidance due to: No cancelled orders No delays Time saving (less testing) **Better:**

- Environment
- Working conditions
- Quality
- **Product**



GAP







Timberland 🏵

a al e h Safaty

©AFIRM 2007





Reiner Hengstmann

Social & Environmental Affairs PUMA AG





GENERAL PROCEDURE

- Get certificates or follow the testing procedure
- All materials have to be verified
 - Use accredited labs
- Company RSL must be fulfilled
- Ship only products in compliance with company RSLs!

NORDSTROM

The Phylmar Group, Inc.

a al e h barete

MARKS & SPENCER

©AFIRM 2007









All materials which are used in production must be compliant

- Dark colors present a higher risk of failure
- Whites randomly for certain parameters
 - New and not yet known materials/compositions

NORDSTROM

The Phylmar Group, Inc.

MARKS & SPENCER

e

 Only production related material and no samples²⁰⁰⁷







GAP

adidas

TESTING

What is the customer preference for buying textiles?



Pnismed workers merely the tip of an iceberg

GAP

adidas

¢

MARKS & SPENCER

TESTING

WHY IS IT IMPORTANT TO TEST?

- Consumer safety
 - Product safety
- Production safety
- Environment safety
- Workplace and worker safety

NORDSTROM

The Phylmar Group, Inc.

a al e h Safaty

©AFIRM 2007

pH round robin test



5 labs only one passed

WHO SHOULD DO THE TESTING?

- Labs with an international reputation
- Labs which are accredited
 - Labs which participate frequently in round robin testing





WHEN AND WHAT TO TEST?

- Follow company RSL requirements
- Oeko-Tex 100 Standard, if required by customer

NORDSTROM

The Phylmar Group, Inc.

CAFIRM 2007



- Have a standard procedure
- Test every season or every new material, as required by customer
 - Be proactive to avoid wasting money
 - Make testing as efficient as possible

NORDSTROM

The Phylmar Group, Inc.

a al e h bafety

MARKS & SPENCER

©AFIRM 2007



- Use company specified test methods. If none specified, use internationally recognized test methods.
- Make sure results will be globally comparable.
- In case of questions, do not act on your own. Contact your customer.







- The testing procedure starts with the sampling
- Poor sampling may cause failures, delays, and increase costs
- Every test result is only as good as the technique of taking the sample



Example:

Supplier collected a fresh water sample



- Failed because it contained 3,000 Coliform bacteria which may lead to serious health effects
- Could have led to needless investment to improve water supply

 Finally found out that the sampling technique was wrong, correct sampling and retesting resulted in acceptable results ©AFIRM 2007









Apparel and Footwear International RSL Management (AFIRM) Working Group

Restricted Substance List Seminar

Questions and Answers

Pam Utz

©AFIRM 2007

Gap Inc.



Common Questions -Question 1

QUESTION:

Can RSL data for one company be shared with another company?

ANSWER:

It depends. Currently there are differences in:

- Test method requirements
- Data formats
- Labs that are approved for

NORDSTROM

The Phylmar Group, Inc.

a all the baraty

testing

©AFIRM 2007



Question 2

QUESTION:

In children's wear, what substances are restricted by major US and EU brands?

ANSWER:

MARKS& SPENCER

e

- Children at greater risk
- All chemicals important, some limits lower for children (formaldehyde)

NORDSTROM

the Phylmar Group, Inc.

a all the baraty

©AFIRM 2007

- EU phthalates (PVC)
- US lead (metal trim)



Question 3

QUESTION:

If raw materials comply with the RSL, does the end product automatically pass?

ANSWER:

It depends on . . .

... Process

MARKS & SPENCER

e

- ... The chemical
- ... Additional chemical reactions

The limit applies to the final product not the raw material inputs. You only know by testing!

NORDSTROM

The Phylmar Group, Inc.

a all the baraty



Question 4

QUESTION:

How do you integrate Oeko-Tex into this program?

ANSWER:

MARKS & SPENCER

e

- The Oeko-Tex 100 standard is highly comparable with the RSLs of the AFIRM group.
- This standard is not a substitute for all RSLs.

NORDSTROM

The Phylmar Group, Inc.

©AFIRM 2007

Timberland 🏵

a al e h barety



Question 5

QUESTION:

When will there be a harmonized global RSL?

ANSWER:

- 80% to 90% of restrictions on RSLs are the same.
- Differences are mainly based on different distribution channels.
- Individual company RSLs must be tailored to a company's specific market.
- AFIRM companies strive to align requirements.
 CAFIRM 2007





Apparel and Footwear International RSL Management (AFIRM) Working Group

Thank you – You're terrific!

