You Can Talk Compliance With End Buyers

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Agenda

• Embracing Corporate Responsibility
• Basics of Corporate Responsibility
  • Social Responsibility
  • Environmental Responsibility
  • Product Responsibility
• How to Start the Conversation
• Best Practices
• Tools to Guide You
Embracing Corporate Responsibility

• Distributors are in the brand protection business
• Compliance with Federal and state regulations is **not optional**
• **Damage to brand value** and hefty fines associated with non-compliance
• It can be a **strategic advantage** and increase your value to your customers
• Every day more end-buyers begin to care
• **Corporate responsibility is a key market differentiator**
Why End Buyers Care

• Responsible promotional products professionals will ensure that the investment made in their client’s brand will be both promoted and protected.

• When regulations exist, compliance is required by law.
  • As consumers become more aware of product safety, demand for compliant products will increase

• Product responsibility is just smart business.
  • Increasingly, the target audience wants assurances that products comply with environmental, social and product safety regulations and standards.
Corporate Responsibility Facts

- 88% feel a responsibility to purchase products they think are socially and environmentally responsible.
- 92% of respondents would buy a product with social and/or environmental benefit.
- 90% of respondents would stop buying a company’s products or services due to irresponsible business practices.
- 91% of global consumers are likely to switch brands to one associated with a good cause.
- 85% of this year’s respondents say it’s okay if a company is not perfect, as long as it is honest about its efforts.

- 2013 CONE Communications/ECHO Global CSR Study
Corporate Responsibility Is Everyone’s Job

- **Distributors** must protect their customer’s brand as if it were their own.
- **Suppliers** must ensure compliance to all regulations and oversee all factories.
- **End-Buyers** have an obligation to the ultimate user of a promotional product.
- **Everyone is responsible** for providing safe products that will not cause harm to the end user.
Where to Start

• Know your sources
  • Know your suppliers
  • Talk to your suppliers about compliance
  • Know that all products you sell meet regulatory requirements
  • Ask the right questions
  • If the item is a children’s product, demand proof of compliance
Social Responsibility Basics

• Social standards refer to labor standards or working conditions and cover such things as:
  • Abuse of labor
  • Child labor
  • Hours and wages
  • Workplace conditions
  • Discrimination
Environmental Responsibility Basics

- Environmental responsibility considers all applicable environmental laws and regulations.
  - Manage your environmental footprint to minimize the adverse impact on the environment.
  - Manage energy, water and waste systems for maximum efficiency and minimal adverse impact on the environment.
Environmental Responsibility Basics

• Eco-friendly claims must be clearly stated and can be substantiated or proven.

• An environmental marketing claim should specify whether it refers to the product, the packaging, a component of the product or packaging or a combination of these.

• Environmental claims should not exaggerate or overstate attributes or benefits.

• All environmental symbols or logos on products or marketing pieces have to be substantiated or proven.
Product Responsibility Basics

- Consumer Product Safety Improvement Act (CPSIA)
- State Regulations
- Other Government Agencies
- International Regulations
Product Responsibility Basics - CPSIA

• Pertains primarily to children 12 and under
  • Children’s products
  • Children toys
  • Child care articles

• All children’s products need third party testing for:
  • Lead in substrate
  • Lead in paint and surface coating
Product Responsibility Basics - CPSIA

• For children’s toys and child care articles
  • Six phthalates regulated
  • Toy Safety Standard mandatory
  • 14 and under
• A General Certificate of Conformity (GCC) is required for non-children’s general use products and must be created by the manufacturer or importer
• A Children’s Product Certificate (CPC) is required for all children’s products and must be created by the manufacturer or importer
Product Responsibility Basics - CPSIA

- Permanent Tracking Labels
  - Mandatory for all children’s products
  - Children’s apparel requires two if decoration done at different time or by a different vendor
Product Responsibility Basics - CPSIA

- A distributor uses a contract decorator would also be considered a manufacturer
- A distributor who sources direct is considered a manufacturer
Product Responsibility Basics

- Even if the item is a general use item, there may be regulations beyond CPSIA
Product Responsibility Basics
State Regulations

• California
  • Prop 65 and other regulations

Product Safety Basics

Additional Regulations

• Government Agencies
  • CPSC, FDA, FTC, EPA, DOT

• International Standards
  • Canadian Consumer Product Safety Act
  • European Union
    • The General Product Safety Directive
    • Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
  • PPAI International Standards and Regulations
Differentiation Through Corporate Responsibility

- Don’t just take the orders
- **Go beyond** just selling products
- Use your product responsibility knowledge to **differentiate yourself** from your competition
- Position yourself as an **indispensible** resource
- Be a **partner** to your customer
- Be a **brand steward**
Engage in the Conversation

• Share with your customer
  • The basic laws and regulations
  • Your obligation and responsibility to the laws and regulations
  • Your obligation and responsibility to protecting their brand and image
  • That by working together the two of you can ensure they have the right product for the right audience
  • In the end it’s about protecting and promoting their brand with a memorable, engaging and long-lasting program
Engage in the Conversation

• Social Responsibility
• Code of Conduct
• Company/Organization Message and Mission
Engage in the Conversation

• Environmentally responsible manufacturing practices
• Recycled vs. Recyclable
• Reusability (avoid the trash)
  • Will product serve customer’s purpose or end up in a landfill?
Ask the Questions No One Else Will

• Who is the intended audience?
  • Will this item be distributed to children?

• How will the products be distributed?

• What kind of logo do you intend to use?

• What’s the intended outcome?
Ask the Questions No One Else Will

• Do you typically keep items in stock for future use or do you distribute all items?

• Do the customer’s preferred products have child like appeal or playful elements? Or do those products have “diminishing appeal” to the 12 and under crowd?
Distributors - Tell Your Suppliers

• The intended audience
• If the item will be given to children
• The distribution method
  • Certain events or delivery could encourage unintended distribution to children
• The product you want
Distributors - Ask Your Suppliers

1. Is the item considered a children’s product?
2. What regulations apply?
3. Does the product comply with all applicable regulatory requirements?
4. How has compliance been determined?
5. Request copy of all related test reports
6. Was all product made at the same factory?
7. Was all product made from the same lot of materials?
8. If a children’s product, what does the tracking label information mean?
9. Will the modifications you plan to make to the product affect the product’s compliance?
Best Practices

• Strong Corporate Responsibility systems and strategies
  • Provide Direction
  • Simplify the product responsibility process
  • Need to be part of your sales culture
  • May provide some protection against challenges
Quotation & PO Best Practices

• Create fields on all purchase orders that require answers to the following questions:
  • Is this a children’s product?
  • Will children be recipients of this product?

• If the answer to both of these questions is yes, it is important to note clearly on the purchase orders:
  • This product is intended for distribution to children. It must comply with all applicable federal and state regulations.
Differentiation Best Practices

• Add corporate responsibility to the mix
  • Comfort comes with repetition

• Back up your talk
  • Establish guiding principles
  • Properly vet suppliers
  • Make sure preferred suppliers share your values
  • Communicate your principles and best practices to your clients
Accessible

• You do not need to be an expert
• You do need to be familiar and aware
• PPAI has the tools to guide you through the process
• Success will come from confidently sharing the message
WHAT IS
PRODUCT COMPLIANCE?
Why Should I Care About It?

- Partner with a promotional products professional to ensure that the investment you have made in your brand will be both promoted and protected.
  - Product responsibility is just smart business. Increasingly, your target audience wants assurances that products comply with environmental, social and product safety regulations and standards.
- When regulations exist, compliance is required by law. It is vital that you communicate frankly with your promotional products partner to ensure you select the right product for your specific application.

What do I need to do?

- Work with a qualified promotional products consultant and be sure to tell him or her:
  - Who is the intended audience of your campaign?
  - Will or could the items be distributed to children?
  - How the products will be distributed?
  - Where the products will be distributed?
  - What kind of logo do you intend to use?
  - Do you plan to distribute all the items or keep some for future events?
  - Do your preferred products have child-like appeal or playful elements?

THE TRUTH ABOUT SOURCING DIRECT:
You may be saving a few dollars, but by sourcing direct, you may put yourself and your brand at risk in unexpected ways.

WHAT IS A CHILDREN'S PRODUCT?
- A consumer product designed or intended primarily for use by children 12 years of age or younger.
- Products intended for this group require compliance to stricter standards and tests for certain chemicals such as lead, phthalates and product labeling.
- Work with your promotional consultant to determine if your marketing campaign includes children's products.

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January 10-14, 2016 • Mandalay Bay Convention Center, Las Vegas
Corporate Responsibility Website

- **Product Responsibility**
  Learn more about Product Safety Aware, Turbo Test as well as have access to education and resources. [MORE »]

- **Social Responsibility**
  Learn about how a code of conduct will improve working conditions and human rights. [MORE »]

- **Environmental Responsibility**
  Learn more about the impact environmental efforts have on your supply chain. [MORE »]
TurboTest*

Don’t know where to start? This intuitive online roadmap will help you ascertain what rules, regulations and tests apply to your product.

Progress: 11% Complete

PPAI TurboTest
a product safety roadmap

First, we’ll gather more information about you and how you’d like to use this service.
TurboTest*

Don't know where to start? This intuitive online roadmap will help you ascertain what rules, regulations and tests apply to your product.

Progress: 32% Complete

PPAI TurboTest 
A Product Safety Roadmap

REGULATIONS FOR CHILDREN'S PRODUCTS

In its undecorated state, is the item generally considered a children's product?

- Yes
- No
- I don't know

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A children's product is defined by the CPSIA as a consumer product designed or intended primarily for use by children 12 years of age or younger.

Is the item designed or intended primarily for use by children 12 years of age or younger?

- Yes
- No
- I don’t know

CPSIA Factors To Determine Children's Products

1. Size and Shape: Will the dimensions of the product give a child the ability to use it properly?
2. Materials Used: Soft plastic, foam, plush and wood are child friendly; metal, glass and ceramic are not
3. Number of Parts: Consider physical and cognitive abilities necessary for the use
4. Motor Skills Required: Does it require fine or gross motor skills?
5. Classic Product: Does it maintain appeal over generations?
6. Colors: Bright, primary colors are more appealing to children
7. Cause & Effect: Product response—lights, sounds and movement are appealing to children
8. Sensory Elements: Does it appeal to all five senses?
9. Level of Reality: Does it have cartoonish details? Does it have childlike qualities?
10. Licensing/Theme: Does it contain cartoon images?

The CPSIA includes four factors to consider in determining if an item is a children's product:

1. A statement by a manufacturer about the intended use of such product, including a label on such product if such statement is reasonable
2. Whether the product is represented in its packaging, display, promotion, or advertising as appropriate for use by children 12 years of age or younger
3. Whether the product is commonly recognized by consumers as being intended for use by a child 12 years of age or younger
4. The Age Determination Guidelines issued by the Commission staff (http://www.cpsc.gov/BUSINF/adtg.pdf)
Notice of Required Certification Documentation

When compliance to a product safety regulation is required, General Conformity Certificates (GCC) are required to show a product’s conformity to federal safety rules, bans, standards or regulations. GCCs are based on a test of the product or a “reasonable testing program.”

When third-party testing by a CPSC-recognized lab is required, Certificates of Compliance (COC) are required to show a product’s conformity to federal safety rules, bans, standards or regulations. COCs are based on testing done by a CPSC-recognized third-party laboratory.

Children’s Products Regulations

For all children’s products manufactured after August 14, 2011, compliance with total lead in substrate limit of 100 ppm in accessible component parts is required. For products manufactured before that date, the total lead in substrate limit is 300 ppm.

For all children’s toys and child-care articles, compliance with the phthalate limit is required.

Yes: Tracking labels are required for all children’s products manufactured as of August 14, 2009.
Yes: Lead in paint testing by accredited third-party laboratory required.
Yes: Testing by accredited third-party laboratory required for small parts ban.
Yes: Warning label for small parts required.
Yes: Compliance to ASTM F963 Standard Consumer Safety Specifications is required for all toys suitable for children under the age of 14.
Yes: Compliance with soluble limits for 8 heavy metals required.
Yes: Test for sharp points and edges required.
Yes: Third-party testing for mechanical safety is required.
Yes: Warning label for toy safety hazard required.
Yes: If the item is powered by electrical current from nominal 120 volt (110-125v) branch circuits, third-party testing is required for labeling, manufacturing and performance standards.

Apparel Regulations

No: Third-party flammability testing required.
No: Accurate fiber content labeling required.
No: Appropriate care labeling required.
No: Optional testing on seam strength, seam slippage, bursting strength, tensile strength, fabric construction, pilling resistance, colorfastness recommended.
No: Third-party testing for flammability of children’s sleepwear required.
Create

Single Registration

* Create a Code: http://ps.ppa.org/

* Location of Production: (city, state, country, factory) (example: Irving, TX-Factory S)

* Date of Production: (format MM/DD/YYYY) (example: 04/04/2014)

* Identifying Characteristics: (batch, run number, sources) (example: EL-123 Bounce Ball)

* Contact Information: (phone, email, etc) (example: 888-426-7724, productssafety@ppai.org)

By clicking submit you accept the terms of use.

Submit
Tracking Label System

• Example using the PPAI tracking label system:
  ps.ppa.org/SAMPLE003
Promotional Products Association International
Adopt and Promote the PPAI Code of Conduct
Product Safety Aware

• Protect and grow the industry
• Creates confidence in promotional products as an advertising medium at every level
• Required program elements
  • CAS Required Product Safety Basics: 60-90 minutes
  • Prop 65 and State Regulations: 60 minutes
  • Undue Influence Training: 60 minutes
• Elective program elements
  • Any additional session from an approved list
Product Safety Aware

- Live Webinars
- On-Demand Webinars
- Expo East
- Regional Associations
- Product Responsibility Summit
- Individual Companies
- Expo
Product Safety Aware
Resources

- **PPAI:** [www/ppai.org](http://www.ppai.org)
- **PPAI Corporate Responsibility:** [www.ppai.org/inside-ppai/corporate-responsibility](http://www.ppai.org/inside-ppai/corporate-responsibility)
- **UL:** [www.ul.com](http://www.ul.com); Brian.Coleman@ul.com; Andrew.Farhat@ul.com
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- **Twitter:** @PromoSafetyGuy