How To Establish A Corporate Responsibility Program

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Agenda

• The Business Case for a Corporate Responsibility Program
• How To Get Started & What To Included
  • Distributor Focus
  • Supplier Focus
• How To Manage It All
  • Tools to Guide You
CPSC Perspective

• Compliance with Federal and state regulations is not optional

• Businesses must actively manage and document their compliance processes and procedures

• Provide transparency

• CPSC imposing comprehensive compliance systems on companies accused of untimely reporting of potential product defects
Industry Perspective

- Compliance with Federal and state regulations is **not optional**
- Suppliers **must ensure compliance** with all regulations where applicable
- **Damage to brand value** and hefty **fines** associated with non-compliance
- Distributors are in the **brand protection** business
- Every day more end-buyers begin to care
- It can be a **strategic advantage** and increase your value to your customers
- **Corporate responsibility is a key market differentiator**
Program Objectives

• **Documented compliance** with regulatory requirements

• Provide **confidence when dealing with regulators**, recalls and other quality or safety incidents

• Reassurance in knowing that you can provide **answers and proof of due diligence** in the event of a quality or safety incident

• Provide **brand protection** for your clients

• **Mitigate risk** for supplier, distributor, end-buyer and end-user
What A Responsible Sourcing Program Is

• A living, breathing commitment
  • Lay out your commitment
  • Define your responsibility including who and how
  • Define legal compliance

Best Practices:
- PRODUCT SAFETY
- REPORTING
- REQUIREMENTS
- AND DOCUMENT STORAGE
What A Responsible Sourcing Program Looks Like

• Written policies and procedures should cover
  • Overall corporate policy
  • Documented processes and procedures
  • Specific terms related to product regulatory compliance with vendor agreements
  • Reporting and notification of specifications
  • Code of conduct
  • Include who is ultimately responsible for decisions along with their roles and responsibilities
What Should Be Included

1. Establish and maintain *design and manufacturing processes* and work with suppliers/vendors/manufacturers to produce compliant products

2. Implement *testing procedures* to verify compliance

3. Proactively *monitor products* on the market to identify potential safety hazards and *investigate product safety concerns*
What Should Be Included (cont)

4. Provide **accurate and timely information** to appropriate government organizations and customers

5. Undertake appropriate and timely **corrective actions**

6. Provide employees with **training** covering product safety policies

7. Enable confidential employee **reporting procedures**
Corporate Responsibility Program

• Includes 3 elements
  • Product Responsibility
  • Social Responsibility
  • Environmental Responsibility
Product Responsibility

- Establishes a corporate product safety policy
- Defines roles, responsibilities and required actions
- Covers legal compliance of products
  - Chemical content
  - Performance requirements
  - Labeling
  - Storage
  - Transport
  - Packaging
- Monitors products to ensure timely and accurate reporting
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
Who’s Responsibility Is It?
Not Just The Supplier’s Responsibility

• **Distributors** must protect their customer’s brand as if it were their own and do their own due diligence
  - Documented processes are essential

• **Suppliers** must ensure compliance with all regulations and oversee all factories
  - Generally the manufacturer (importer of record)
Distributor Corporate Responsibility

• Where to begin
• Establish/document **processes and procedures**
• Embed into **daily operations**
• Know **what to ask** and how to guide customers
• Know **where to go** for information
• **Document everything**
Know When Distributors Become Suppliers

• A distributor who sources direct is a manufacturer

• A distributor who uses a contract decorator would also be considered a manufacturer
Where To Start

• Document

1. Code of Conduct
2. Supplier vetting and approval process
3. Supplier engagement process
4. Verification and monitoring
5. End-Buyer education and coaching procedures
6. Mission, vision and corporate values statement
7. Process for maintaining detailed transaction records
How To Start

• Know your sources
  • **Know** your suppliers
  • **Talk to** your suppliers about compliance
  • Ask the **right questions**
  • Know that all products you sell meet all **applicable** regulatory requirements
  • If the item is a children’s product, **demand proof of compliance**
  • Know the states **where the product will be distributed**
  • **Share** all details with suppliers
Contracts / Agreements

• Supplier contracts
  • Set expectations
  • Outline consequences
  • Define responsibilities
  • Non-disclosure/confidentiality agreements
Technical Files

- Technical file/compliance database
- Supplier files
- Contracts/agreements
- Test reports
- Certificates (GCC/CPC/Others)
- Defects/complaints/returns/concerns
Recall Policy

- Recall/incident policy
  - CPSC Recall Handbook
  - PPAI Recall Manual
Differentiate

- Use your product responsibility knowledge to **differentiate yourself** from your competition
- Position yourself as an **indispensable resource**
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
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.
Small Business Owner Best Practices

- Use **vendor agreements** to ensure suppliers provide compliant products and implement testing procedures
- Dedicate and **train** a senior employee to certify compliance and manage children’s product vendors
- Concentrate efforts on compliance management to **identify** potential safety hazards and **investigate** product safety concerns
- **Document your program** details through employee training covering product safety policies
- Outline a **roadmap** for how you will relay accurate and timely information to the appropriate governmental organizations and customers when necessary
A Journey...Not A Destination
Supplier Corporate Responsibility

The distributors have this covered, right?
Overarching Principle
What Should Be Included

• Establish and maintain design and manufacturing processes.
• Implement testing procedures to verify compliance
• Proactively monitor products on the market to identify potential safety hazards and investigate product safety concerns
• Be prepared to provide accurate and timely information to appropriate government organizations and customers.
• Undertake appropriate and timely corrective actions
• Provide employees with training covering product safety policies
• Enable confidential employee reporting procedures
Begin a Dialogue!

Begin a dialogue with your factories and distributors:

• Get to know your distributors and vendors/factories.
• Ask for any/all documentation from your factories.
• Ask the right questions of your distributors (i.e. is this being marketed to children, is this being sold in California?, etc.)
• Leverage 3rd Party Lab Partnership
Good Questions for Distributors

- Where is this product being distributed?
  - California? If so, Prop 65 labeling/testing.
  - Canada? If so, mandatory Canadian requirements will apply...

- Who is the target consumer for this product?
  - Children? If so, this is a higher risk category and additional requirements will apply (i.e. CPSIA, CPC, tracking labels, etc.)

This will facilitate the discussion with the vendors/factories – what documentation you can request and questions to ask!!
Good Questions for Factories/Vendors

- Are you familiar with Prop 65?
- Are you familiar with CPSIA?
- Have you produced children’s products for the US market?
- Have you done any testing of this product? If so, can you share the test report?
- Do you have any GCC/CPC for these products?
Types of Vendor Documentation

- Test Reports
- Audit Reports
  - ISO 9000 (GMP)
  - Social Audits
  - C-TPAT
  - Environmental
- Documented Process Controls
- Capability Information
- Vendor Agreements
Leverage 3rd Party Lab

• Mandatory Requirements
• Assist in review of supplier documentation.
• Develop appropriate protocols.
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
Recall Policy

• Have a plan
• Companies who develop a product recall plan before a product incident occurs are more able to move quickly and effectively in the event of a recall.
  • Save lives
  • Prevent injuries (or further injuries)
  • Limit damage to brand
    • Your company’s brand
    • Your customer’s brand
• Decrease impact on the bottom line
Pace yourself

- 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
TurboTest*

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

PPAI TurboTest™
a product safety roadmap

Welcome to PPAI's TurboTest.
This product safety roadmap will guide you step-by-step through product classification, standards and required compliance testing for your product or product line.

Next >>
Create

Single Registration

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

* Location of Production: [ ]

* Date of Production: [ ]

* Identifying Characteristics: [ ]

* Contact Information: [ ]

By clicking submit you accept the terms of use.

Submit
Adopt and Promote the PPAI Code of Conduct

Member Price $495

Product Safety Aware 60% Discount
Resources

- PPAI: [www.ppai.org](http://www.ppai.org)

- PPAI Corporate Responsibility: [www.ppai.org/corporate-responsibility](http://www.ppai.org/corporate-responsibility)


- UL Consumer Products: [www.ul.com](http://www.ul.com), Brian.Coleman@ul.com, Andrew.Farhat@ul.com

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