

How To Communicate 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

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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**

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Insert quiz

Are your clients asking about compliance? Product safety, social, environmental, all none

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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.

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Trends

- 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

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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.
 - Education and awareness are critical



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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



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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



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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.

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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.

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Product Responsibility Basics

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



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Product Responsibility Basics - CPSIA

- Pertains primarily to
 - Children's products
 - Children toys
 - Child care articles
 - Children 12 and under
- All children's products need third party testing for:
 - Lead in substrate
 - Lead in paint and surface coating

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Product Responsibility Basics - CPSIA

- For children's toys and child care articles
 - Six phthalates regulated
 - Toy Safety Standard mandatory
- A Children's Product Certificate (CPC) is required for all children's products and must be created by the manufacturer or importer

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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

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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**

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Product Responsibility Basics

Even if the item is a general use item, there may be regulations beyond CPSIA



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Product Responsibility Basics State Regulations

- CA Prop 65, also known as the Safe Drinking Water and Toxic Enforcement Act of 1986, was voted into law in November 1986 by a 63-37 percent margin.
- Purpose is to give consumers a chance to make an "informed decision" to protect themselves from exposure to certain chemicals that are known to the state of California to cause cancer, birth defects or other reproductive harm.

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CA Prop 65

- California's Office of Environmental Health Hazard Assessment (OEHHA) must annually publish a list of chemicals known to cause cancer, birth defects or other reproductive harm.
- In 1986 that list included 30 chemicals
- It now includes 900+ chemicals
- Once a chemical is listed by OEHHA, companies have 12 months to comply with warning requirements under the regulation

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CA Prop 65

- California Governor Brown issued principles for reform of Prop 65 in May 2013
 - "Ending frivolous 'shake-down' lawsuits"
 - "Improving how the public is warned about dangerous chemicals"
 - "Strengthening the scientific basis for warning levels"
- New regulations adopted on August 30, 2016
 - **They become effective on August 30, 2018**
 - **New requirements will not apply to existing inventories**

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CA Prop 65

- The main changes focus on:
 - The wording
 - Timing of the warning
 - The application of the warning for internet sales
- Primary burden on all upstream entities—suppliers and distributors alike

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CA Prop 65

- Include a triangular yellow warning symbol with an exclamation point and must be as large as the "Warning"
- Directions to the OEHHA Prop 65 warning website www.P65Warnings.ca.gov
- The warning must be in languages other than English if those languages are used on the product or packaging

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CA Prop 65

WARNING: This product contains a chemical known to the State of California to cause cancer.

WARNING: This product contains a chemical known to the State of California to cause birth defects or other reproductive harm.

WARNING: This product can expose you to chemicals including [name of one or more chemicals], which is [are] known to the State of California to cause cancer. For more information, go to www.P65Warnings.ca.gov

WARNING: This product can expose you to chemicals including [name of one or more chemicals], which is [are] known to the State of California to cause birth defects or other reproductive harm. For more information, go to www.P65Warnings.ca.gov

WARNING: Cancer- www.P65Warnings.ca.gov

WARNING: Cancer- www.P65Warnings.ca.gov

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CA Prop 65

Warnings must be provided to **consumers prior to or during purchase**

- Internet sellers will be required to provide separate warnings for products sold online, even if the products themselves contain a Prop 65 warning
- Automatically provide the warning to the purchaser prior to or during the purchase of the product
- The warning must be prominently displayed prior to the completion of purchase
- If you use the short form warning on the website, you must use the short form warning on the product

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CA Prop 65

- Failure to comply is enforceable by penalties up to **\$2500 per incident per day**
- Private enforcers enter into settlements and split the money with the state
- Court approves and enters judgement against business owner
 - Example:
 - Shipment of 500 mugs @ \$2500 per mug=**
 - \$1,250,000 per day**

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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 Page

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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 indispensable resource
- Be a partner to your customer
- Be a brand steward

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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

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Engage in the Conversation

- Social Responsibility
- Code of Conduct
- Company/Organization Message and Mission



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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?

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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?



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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?



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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



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Ask Your Supplier

- Is the item considered a children's product?
- What regulations apply?
- Does the product comply with all applicable regulatory requirements?
- How has compliance been determined?
- Request copy of all related test reports
- Was all product made at the same factory?
- Was all product made from the same lot of materials?
- If a children's product, what does the tracking label information mean?
- Will the modifications you plan to make to the product affect the product's compliance?

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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

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Purchase Order 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.

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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



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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



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WHAT IS PRODUCT COMPLIANCE? Why Should I Care About It?

- Partner with a promotional products professional to ensure that the promotional product meets the high promotional and product responsibility standards.
- Product responsibility is just good business. Responsibly produced products with sustainable and socially responsible practices.
- When regulatory and compliance is required by law, it is vital that you select the right product for your specific application.

What do I need to do?

- Work with a qualified promotional products professional to ensure that the product meets the high promotional and product responsibility standards.
- What is the intended audience of your campaign?
- Will or could the items be distributed to children?
- Where 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 third-party approval or certification?

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Who is PPAI?

PPAI is the trusted leader in the promotional products industry delivering essential knowledge, resources and community to ensure the success of its members, those who manufacture, import and resell promotional products, and the promotional products industry itself.

[Become a Member](#)

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Corporate Responsibility

Encompassing product, environmental, social, supply chain, and quality.

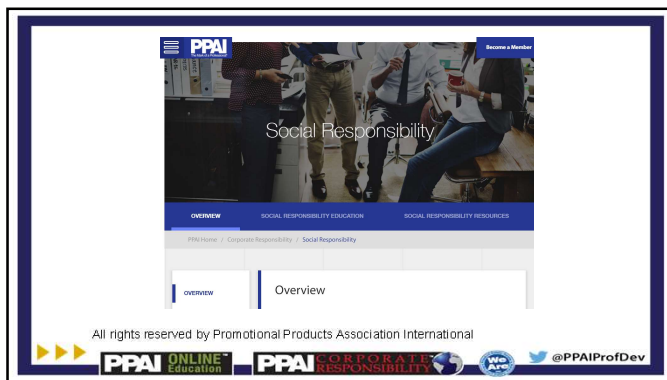
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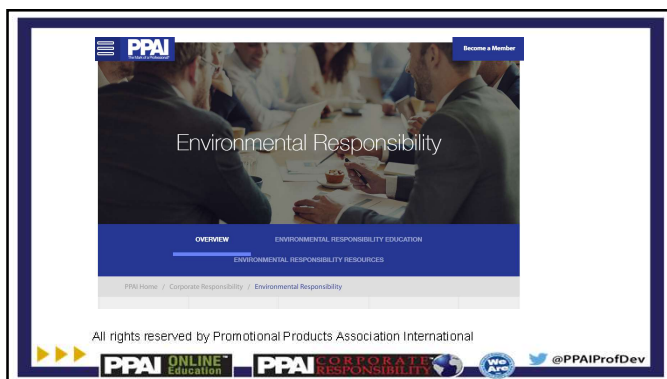
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TurboTest*

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.

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Tracking Labels

Tracking labels are required for all children's products manufactured one year after enactment of the CPSA (August 14, 2008) regardless of whether they are domestic or imported products. Below are links to helpful tracking label information.

REGISTRATION
Register Single Tracking Label
The PPAI Tracking Label System complies with CPSA requirements and is designed to enable the ultimate recipient of a product to identify and contact the manufacturer or importer of a product in the event of a recall.

REGISTRATION
Register Multiple Tracking Labels (with Recall)
The PPAI Tracking Label System allows you to key in one-off, unique barcodes with Serials. If you have it, we can assist. Develop automated processes to push data into the database using XML with services.

FAQS
CPSA Tracking Label FAQs
Registration to your tracking label system on this comprehensive webpage.

CPSA STATEMENTS & PROVISIONS
CPSA Policy Statement Tracking Label Requirement
On August 14, 2008, the Consumer Product Safety Improvement Act (CPSIA) was enacted.
CPSA Section 108 (Consumer Tracking Labels)
Section 108(a) of the CPSIA requires permanent, distinguishable marks on children's products and packaging to the extent practicable.

PPAI SERVICES
PPAI Compliance to CPSA Regarding Tracking Labels
In response to the CPSA Compliance to CPSA regarding tracking labels, PPAI offers assistance about this impact on our industry.

HOW TO USE TRACKING LABELS
Help for new users about the how to effectively register a tracking label using the PPAI Tracking Label database.

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How To Read Compliance Documents

Sample Generalized General Certificate of Compliance (GOC) for CPSA compliance (see the link for more information)

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Adopt and Promote the PPAI Code of Conduct



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Product Safety Aware

- 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

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Product Safety Aware

- Live webinars
- On-Demand Webinars
- Expo East
- Regional Associations
- Product Safety Summit
- Expo 2015



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Product Safety Aware



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Resources

- **PPAI:** www.ppai.org
- **Product Safety powered by PPAI:** www.ppai.org/productsafety
- **Consumer Product Safety Commission (CPSC):** www.cpsc.gov
- **Questions?:** AnneL@ppai.org

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