AATCC Meeting 1/23/17

Chemicals Management in the Apparel Industry: The Brand/ Retail Perspective

6:15 PM start at Levi's Headquarters

- Ellen presenting Nathaniel Sponsler
    - Product Chemical Specialist/Attorney
    - 9 years' experience overseeing chemical industry for GAP Inc.
    - Director of apparel of RSL management
    - Affirm Group
    - ZDHC
- Nathaniel Sponsler presentation
    - Chemicals? Why do they matter?
        - Environmental
            - Pollution/Water Savings
            - New technologies/ chemicals to save water
                - Dry dying
        - Worker Well Being
            - Example of women using solvent based glues in a factory to bind soles on shoes
        - Regulatory Risk
            - There has been a 4000 % increase in regulations
        - Product Quality
            - Test reports indicate what chemicals are being used in products
        - Chemical Pollution
            - Macro
                - Color, visible impact
                - Solution: treat waste water and control your processes
            - Micro
                - Affects daily production, less visible
                - Highly regulated PFC's/ APEO's/heavy metals
                - Solution: control the inputs
    - History of Chemical Management from 2000's and on
        - 2000's: First RSL surfacing
            - Chemicals were largely unregulated globally before
            - RSL's were mostly aspirational
                - Helped educate/transition out of chemicals
        - 2004: Afirm Group established
            - The goal was the adoption of RSL's across the industry
            - A common RSL could be difficult and lead to brand politics/disagreements
        - 2006: REACH Passed in Europe
            - Registration, Evaluation, and Authorization of chemicals
            - No Data, No Market

        - Substances of very high concern were regulated in imported goods
        - Legal obligations started to request you to tell customers about high concern substances
- 2008: There was a dramatic spike in regulation
    - Washington State started their reporting Law
    - California started laws
    - 66 plus chemicals in your products
        - Must be reported
        - Mainly children's products
    - "Retailer as regulator" model starts
    - Costs of compliance and access to market concerns
        - European Union/United States/Asia/US counties and cities
        - Started activity at the local level
            - Example: NGO pressure in NYC
    - TASCA reform last year
- 2010: RSL's proliferate
    - 250+ product RSL's in apparel and footwear industries
    - Different chemical restrictions, limits, methods, formats
    - Establishment of 12,000 pages of chemical restrictions
    - Created a challenge for supply chain
        - How do you manage this?
        - Is this a proper way to manage industry?
        - Are we focusing on the right issues?
            - Example of production region occupants being exposed to more chemicals in one day VS the US American Lifetime
- 2011: Greenpeace "Detox" Campaign
    - Aggressive, but effective
    - ADHC formed
    - Afirm Policy Committee Launched
        - Regulation that makes sense
        - Engaging with regulators
            - Making sense of things
            - Not about opposition
- 2014: ZDHC publishes MRSL
    - Groundbreaking effort to publish aligned industry standard
    - Manufacturing Restricted Substances List
        - Targeted inputs
- 2015: Afirm publishes common product RSL
    - 11 years later
    - Game changer
    - Mature/Self-governing
    - Half of the Affirm Group adopted

- 2016: ZDHC Water Quality Standard Published
    - Possibility of coordinated water testing approved
    - Published November/December last year
    - Should ZHDC manage on behalf of the brands?
- Looking to the future
    - Is there a better way to align?
    - Maturing the industry

- Start of Interek Presentation by Pankaj Sarda
    - Director of Global Soft lines
    - Chemical Management in Retail Industry
        - Regulatory Climate in the US
            - US Market
            - Prop 65 (900 chemicals)
            - CPSIA (lead/metallic)
            - New TSCA published 10 priority chemicals
            - Chemical Reporting Laws in Children's Products
                - Washington, Vermont, Oregon, Maine
        - Outside the US
            - Canada (CCPSA/ CEPA)
            - EU Research
    - Greenpeace International Acts to change attitudes and behaviors to protect/conserve environment and promote peace
    - Detox campaign started the ZDHC in 2011
        - Wastewater guidelines
        - Goal=zero discharge of hazardous chemicals by 2020.
    - Chart of commonly used chemical groups in the textile industry
    - Hazardous Substances Recall Example
        - Example of American Airlines Uniforms. Caused headaches, rashes, respiratory problems
        - Interek was contracted to find what chemicals were used
    - Challenges in the Industry
        - Too many chemicals
        - No control, purchasing from local, non-verified suppliers
        - Limited knowledge and resources
        - Hard to manage data of the chemicals and hazardous substances
        - MSDS doesn't include chemicals content present in <1 %
        - In the next 2-3 years, what markets do you want to expand to?
            - Determines if there are stricter chemical regulations.
            - How much leverage do you have on your suppliers?
            - Sourcing at the factory level?
                - Trims/inks/labels from non-nominated suppliers
    - Different Management Strategies
        - Passive
            - Product complies with market

- Active
    - Internally managing supply of chemicals and disposal
- Where to begin?
    - Products
    - Supply Chain
    - Lifecycle management
        - Green chemistry/sustainable chemistry
- Different Approaches
    - Risk based approach (wider scope)
        - List of high risk material types, finishes
        - Identify high risk suppliers
    - Target Approach
        - Very selected popular product styles
    - Source certified raw materials, inks, trims
    - Verify All
        - Small orders

- Process
    - Identify and Prioritize Hazardous Substances
        - Product type and age category
        - Consider new markets in 2-3 years
        - Brand/Licensee RSL requirements
        - Members of organizations/groups
    - Communicate internally to departments
        - Define roles/responsibilities
        - Hard or soft roll out of process?
        - 1-2 season lead times before implementation
        - Training is very important to supplier base
    - Verification/Testing/Data Collection
        - Testing at production stage
    - Monitoring and continuous improvement
        - Keeping your list up to date
            - Adding/Removing chemicals
- Example of Detox Sampling at the mill level
    - Incoming water stream
    - Before and after treatment
- Audits available
    - Different types
    - Management practices/ health and safety/store and handling/waste and disposal/chemical impact reduction
    - Examples:
        - Nike, Dystar, H&M

- Q&A Session
    - What resources do you use for environmental chemical toxicity research? Local recommendations?

        - Organic chemistry online, sixclasses.org, MSDS list from suppliers, AATCC online courses
- ZDHC list?
    - Bluesign has its own list, no direct correlation, but many of the same brands worked on the same list.
    - Brands started congregating, more collaboration
    - Bluesign focuses on product and anything at factory (raw materials)
    - More textile and raw material focused
    - ZDHC working on chemical gateway that suppliers can easily reference
- GOTS?
    - Use of safer pesticides
    - Specific to certain raw materials
    - Behind the scenes organization between these groups by ZDHC
- How can water quality testing use a shared standard?
    - One agent to conduct the testing
    - More of this at the material level
    - We will see more of this in the next few years
    - Seeing new generations, more collaborations that benefit everyone
- Enforcement/monitory in certain states?
    - Only state program is in Washington. Their Reporting Law sends letters to the brands
    - Vermont just accepted their 1st round of testing by SKU level
    - Oregon Law hasn't gone into effect yet
        - Will be the most stringent
- California Green Initiative?
    - Passed in 2008, very slow moving
    - NPE's and tri-clisans used in garments
        - High interest in these
    - Find a safer alternative for high risk chemicals
    - Ambitious legislation
    - Where is the funding going?
        - Research and grants, a new era
- Pro-Health or Pro-Environment?
    - Depends on your products or chemicals.
        - Outdoor Products (NGO's)
        - One in the same, whether exposed by product or drinking the wastewater
        - The bigger issue is waste water overseas
- Verification testing?
    - Are labs doing anything?
    - Verification is done at different levels.
- Direct/Indirect discharge of waste waters?
    - Different standards in different countries

        - ZDHC water treatment guide
        - Different brands going into same facilities but with different water standards
    - Aligning methods across the industry?
        - Adopting
        - Technical advisory committee every year discusses the best methods.
- 7:35 PM End of Meeting