US Consumer Product Safety Improvement Act Guidebook for SME Manufacturers

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About this Guidebook

This project is supported by the SME Development Fund of the Trade and Industry Department, HKSAR Government. It is led by the Federation of Hong Kong Industries and the Hong Kong Green Manufacturing Alliance with the Hong Kong Productivity Council as the implementation agent to provide technical support.

To assist the SMEs in meeting the requirements of the CPSIA, various activities including technical seminars, study tours, hotline operation and information dissemination have been carried out in this project. In addition, a guidebook which aims to provide the essential information of the CPSIA has also been prepared.

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Preface

We all agree that the demand of consumer goods is enormous today. Manufacturers around the world have been trying hard to produce goods that can meet the ever changing needs from consumers. As pressure continues to mount in the industries, manufacturers must not only put substantial efforts in achieving first-class product quality, but also carefully address the emerging public concerns on product safety.

As a result of a considerable number of recall incidents concerning product safety in 2007, the US Consumer Product Safety Improvement Act (CPSIA) was signed into law in August 2008. This new piece of legislation was an attempt by the US Government to improve safety, accountability, and record-keeping in regard to consumer products within the country.

In general, the CPSIA mainly controls the product safety issues associated with products that are intended primarily for children 12 years of age or younger. The legislation covers various safety issues including children's products containing lead, lead in paint, restrictions of specified phthalates in certain products, mandatory third party testing, product tracking labels, consumer product safety standards, etc.

As the United States represents one of the most important export markets for Hong Kong manufacturing industries, it is believed that the enforcement of the CPSIA would affect not only the toy industry, but also other manufacturing industries such as electronics, textile and clothing, household appliances, printing, publishing, jewellery, watches & clocks, footwear and furniture, etc. which are having regular business with US customers.

We find that if our exported products fail to comply with the CPSIA requirements, our industries may have to face severe consequences in terms of prohibition of import, product recalls, goodwill damage as well as imposed penalties. In view of this, manufacturers should exercise the compliance works immediately in order to maintain continual access to the US market.

The aim of this guidebook is to provide information to the industries so that they will be able to understand the requirements of the CPSIA. In addition, this guidebook can provide guidance for the industries in managing different issues on product safety and leading them to achieve product compliance.

I hope the industries in Hong Kong will not only be able to reach the success in maintaining their existing business in the US market. I do hope that through continuous hard works in achieving product safety, the industries of Hong Kong can increase their competitiveness and will be able to achieve success in various markets around the world.

Mr. Chai Ngai Chiu, Sunny

Chairman

Hong Kong Green Manufacturing Alliance

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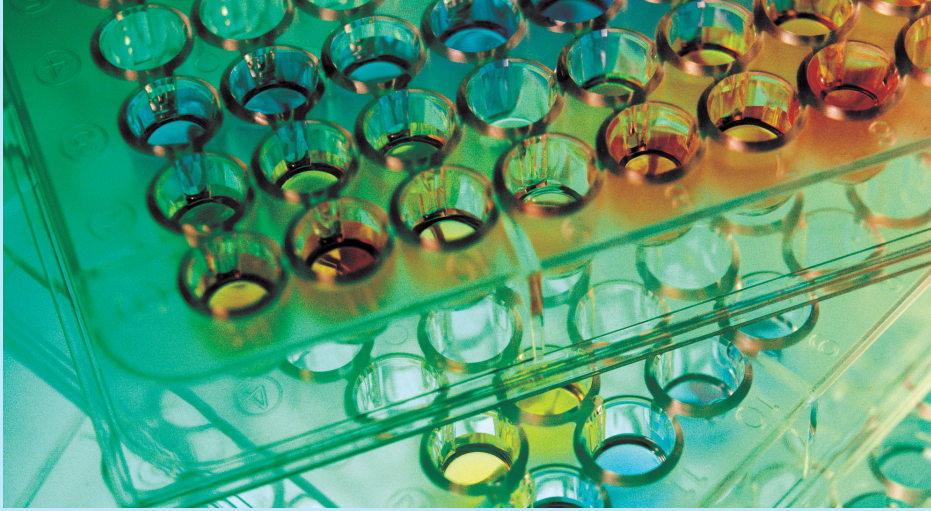


1 Introduction to the US Consumer Product Safety Improvement Act

Introduction to the US Consumer Product Safety Improvement Act

1.1 Overview of the US Consumer Product Safety Commission

Established in 1973, the US Consumer Product Safety Commission (hereafter named as CPSC) is an independent federal agency which is responsible for managing and controlling consumer product safety issues for the US federal Government.

The CPSC is charged with protecting the public from unreasonable risks of serious injury or death from thousands of types of consumer products under the agency's jurisdiction.

The CPSC is committed to protecting consumers and families from products that pose a fire, electrical, chemical, or mechanical hazard or can injure children. The CPSC's work is to ensure the safety of consumer products - such as toys, cribs, power tools, cigarette lighters, and household chemicals - contributed significantly to the 30 percent decline in the rate of deaths and injuries associated with consumer products over the past 30 years.

1.2 Establishment of the Consumer Product Safety Improvement Act

The main reason for the establishment of the Consumer Product Safety Improvement Act (CPSIA) is due to several high-profile product recalls in US in recent years.

The recall incidents due to toys with high lead content and unsafe design, potential hazardous found in the cribs and unsafe infant product etc. had caused great concerns of consumer product safety to the public, consumer groups, media, and even the legislators. In view of this, the public and critics requested the US Government to allocate all necessary resources to improve consumer product safety in the US.

In response to the request, the US Congress passed the Consumer Product Safety Improvement Act of 2008, which was signed by the former US President George W. Bush and became enact on 14 August 2008.

The CPSIA is a sweeping new law which brings substantial impacts to a broad spectrum of the economy. The Act imposes some new requirements on children's product safety and also reauthorizes the CPSC to expand its role in ensuring the safety of consumer products.

1.3 Major Contents of the Consumer Product Safety Improvement Act

The issues addressed in the CPSIA can be generally divided into two parts, of which the first part generally focuses on requirements for children's product safety while another part addresses the reformation issues of the CPSC.

The following eight sections established in the CPSIA cover various issues for improving children's product safety:

Sections	Headings
Section 101	Children's products containing lead; lead paint rule
Section 102	Mandatory third party testing for certain children's products
Section 103	Tracking labels for children's products
Section 104	Standards and consumer registration of durable nursery products
Section 105	Labelling requirement for advertising toys and games
Section 106	Mandatory toy safety standards
Section 107	Study of preventable injuries and deaths in minority children related to consumer products
Section 108	Prohibition on sale of certain products containing specified phthalates

Four titles consisting 32 sections were also established in the CPSIA to address the reform of the CPSC.

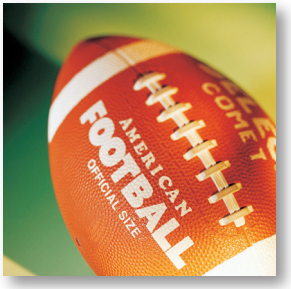
The CPSA established in 1972 requires manufacturers of products that are subject to the relevant bans or standards in the Act to certify their products are in compliance with the standards or bans. The CPSC has been given the authority under this Act to prescribe certification procedures by rule.

Now the CPSIA extends the requirements to manufacturers (for US made products) or importers (for foreign-made products) to certify their products based on the results from product testing for an individual product or a "reasonable testing program".

Failure to obtain the required certification may lead to refusals of products entering into the market, seizure of the products or even penalties. Provision of

a false certification or attempting to unduly influence a third party conformity assessment body may also lead to civil penalties or criminal prosecutions.

The CPSIA requires the CPSC to take actions against the perceived risks occurred in various children's products. For example, the Act imposes a ban on "children's products" with more than 600 parts per million (ppm) of lead which became effective on 11 February 2009. According to the CPSIA, the restriction of lead content had been reduced to 300 ppm by 14 August 2009. To follow the CPSIA requirement, such limit will be further reduced to 100 ppm by 14 August 2011 if such level is proved to be "technologically feasible."



As of 14 August 2009, the CPSIA also specifies that the lead concentrations of paint and similar surface-coating materials for consumer use must be reduced from 600 ppm to 90 ppm.

The CPSIA also imposes a prohibition on sale of children's toys or child care products that contain certain phthalates and such requirement has taken effect from 11 February 2009. Effective on the same day, the CPSIA specifies the ASTM F963 Standard Consumer Safety Specification for Toy Safety as the consumer product safety standard.

The CPSIA requires the CPSC to commence the rulemaking no later than one year after the date of enactment of the Act and promulgates standards for no fewer than two categories of durable infant or toddler products every six months thereafter, until the CPSC has promulgated standards for all such

product categories. In addition, these products must also be provided with registration forms in order to facilitate works in the event of product recall.

Effective from 14 August 2009, the CPSIA requires the manufacturer of a children's product to place a permanent, distinguishing mark on the product and its packaging that will enable the manufacturer itself to ascertain the location and date of production of the product and cohort information. This requirement will also help the ultimate purchaser to ascertain the manufacturer or private labeller, location and date of production of the product and cohort information.

The CPSIA states that any sale of a recalled product is prohibited. Manufacturers who supply false or incomplete information about the scope of recall may also violate the CPSIA. The CPSIA also states that it is illegal to sell or import products with a false safety certification mark.

Since 14 August 2009, the maximum penalty for each violation of the CPSA has been increased from US$ 8,000 to US$ 100,000. The maximum penalty for a related series of violations has been increased from US$ 1.8 million to US$ 15 million.

2 Understanding the Key Elements of the CPSIA

Understanding the Key Elements of the CPSIA

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2.1 Children's Products Containing Lead

Section 101 of the CPSIA outlines the limits of lead in children's products as follows:

600 ppm (0.06%) (effective from 10 February 2009)

300 ppm (0.03%) (effective from 14 August 2009)

100 ppm (0.01%) (effective from 14 August 2011 unless not technologically feasible by the CPSC's determination)

Under this section, the CPSIA states that some inaccessible component parts and certain materials or products are excluded from the requirements of children's products containing lead.

2.1.1 Exception for Inaccessible Component Parts

The CPSIA states that the requirements of children's products containing lead shall not apply to any component part of a children's product that is not accessible to a child through normal and reasonably foreseeable use and

abuse of such product as determined by the CPSC. Regarding the exception of the requirements for inaccessible parts, the following conditions have to be considered:

- paint, coatings, or electroplating may not be considered by the manufacturers as a barrier that would render lead in the substrate inaccessible to a child; and
- a children's product that is or contains a lead-containing part which is enclosed, encased, or covered by fabric and passes the appropriate use and abuse tests on such cover, is inaccessible to a child unless the product or part of the product in one dimension is smaller than 5 centimetres.

2.1.2 Exclusion for Certain Products or Materials

The CPSC may exclude a list of specific products or materials from the requirements of children's products containing lead. The determination of the list is based on the best-available, objective, peer-reviewed, scientific evidence which reveals that such product or material will neither:

- result in the absorption of any lead into the human body, taking into account normal and reasonably foreseeable use and abuse of such product by a child, including swallowing, mouthing, breaking, or other children's activities, and the aging of the product; nor
- have any other adverse impact on public health or safety.

The CPSC opines that certain products, by their nature, will never exceed the lead content limit so these products do not require testing and certifications to demonstrate that they comply with the requirements of the children's products containing lead. These products include:

- precious gemstones: diamond, ruby, sapphire, emerald;

- semiprecious gemstones and other minerals, provided that the mineral or material is not based on lead or lead compounds: e.g., aragonite, bayldonite, boleite, cerussite, crocoite, galena, linarite, mimetite, phosgenite, vanadinite, and wulfenite;

- natural or cultured pearls;

- wood (any paint on wood needs to be tested and certified);

- paper and similar materials made from wood or other cellulosic fibre, including, but not limited to, paperboard, linerboard and medium, and coatings on such paper that soak into the paper and cannot be scraped off the surface;

- CMYK process printing inks (inks that must meet the testing and certification requirements include spot colours, other inks that are not used in the CMYK process, and inks that can be scraped off the surface on which they are used or that are used in after-treatment applications, including screen prints, transfers, decals, or other prints);

- textiles (excluding after-treatment applications, such as screen prints, transfers, decals, or other prints);

- other plant-derived and animal-derived materials including, but not limited to, animal glue, bee's wax, seeds, nut shells, flowers, bone, sea shell, coral, amber, feathers, fur, and leather;

- surgical steel and other stainless steel within the designations of Unified Numbering System, UNS S13800–S66286, not including the stainless steel designated as 303Pb UNS S30360, provided that no lead or lead-containing metal is intentionally added. The non-steel or non-precious metal

components of a product, such as solder or base metals in electroplate, clad, or fill applications must be tested and certified; and

- precious metals: gold (at least 10 karat); sterling silver (at least 925/1000); platinum; palladium; rhodium; osmium; iridium; ruthenium, titanium.

The products on the above list are the materials that CPSC determined not contain lead over 100 ppm, which is within the allowable 300 ppm limit. Thus, such products will comply with the law (and must always comply) and, therefore, do not need testing and certification.

Apart from stating the exclusion of requirements on lead in children's products for certain products or materials and inaccessible component parts, the CPSIA also addresses the requirements of lead content for certain electronic devices.

The CPSIA states that if the CPSC determines that it is not technologically feasible for certain electronic devices, including devices containing batteries, to comply with the requirements of the lead content in the product, the CPSC shall:

- issue requirements to eliminate or minimize the potential for exposure to and accessibility of lead in such electronic devices, which may include requirements that such electronic devices be equipped with a child-resistant cover or casing that prevents exposure to and accessibility of the parts of the product containing lead; and

- establish a schedule by which such electronic devices shall be in full compliance with the lead content limits, unless the CPSC determines that full compliance will not be technologically feasible for such devices within a schedule set by the CPSC.

CPSC has specified a list of exceptions for lead used in certain component parts in children's electronic devices, which includes:

- lead blended into the glass of cathode ray tubes, electronic components and fluorescent tubes;
- lead used as an alloying element in steel. The maximum amount of lead shall be less than 0.35% by weight (3,500 ppm);
- lead used in the manufacture of aluminium. The maximum amount of lead shall be less than 0.4% by weight (4,000 ppm);
- lead used in copper-based alloys. The maximum amount of lead shall be less than 4% by weight (40,000 ppm);
- lead used in lead-bronze bearing shells and bushings;
- lead used in compliant pin connector systems;
- lead used in optical and filter glass;

- lead oxide in plasma display panels (PDP) and surface conduction electron emitter displays (SED) used in structural elements; notably in the front and rear glass dielectric layer, the bus electrode, the black stripe, the address electrode, the barrier ribs, the seal frit and frit ring as well as in print pastes; and
- lead oxide in the glass envelope of black light blue (BLB) lamps.

2.2 Lead Paint Rule

Section 101 of the CPSIA states that after one year of the enactment (14 August 2009), the paint and similar surface-coating materials for consumer use must be reduced from 600 ppm to 90 ppm.

To conclude issues concerning lead in the CPSIA, the requirements of children's products containing lead and the lead in paint are summarized as follows:

CPSIA Requirement	Deadline
Children's products not contain more than 600 ppm of lead	10 February 2009 (general conformity of certification required for products manufactured after that date)
Children's products not contain more than 300 ppm of lead	14 August 2009 (third party testing and certification required for products manufactured after that date)
Children's products not contain more than 100 ppm of lead *(unless the CPSC determines the limit is not technologically feasible)*	14 August 2011 (third party testing and certification required for products manufactured after that date)
Lead-containing paint must be reduced to 90 ppm	14 August 2009 (third party testing and certification required for products manufactured after that date)

2.3 Mandatory Third Party Testing and Certification for Children's Products

The CPSIA increases the range of products that require mandatory third party testing and certification. Under the preceding requirements in the CPSA, the general certification was required only for consumer products subject to standards promulgated by the CPSC.

Now this general certification requirement has been extended to products that are subject to bans as well as standards under the CPSA and to products that are subject to any similar rule, standard, ban, or regulation under any other Act enforced by the CPSC. This new general certification requirement came into effect on 12 November 2008.

The general certification requirement is sometimes called a "supplier's declaration of conformity". It should be noted that the general certification of conformity does not need to be based on testing by a third party assessment

body. However, such certification must be based on testing for an individual product or testing within a reasonable testing program.

The following is the content of a certificate of "General Certification of Conformity" which is given by the CPSC as a reference to manufacturers:

SAMPLE GENERAL CERTIFICATION OF CONFORMITY CERTIFICATION OF COMPLIANCE

1. Identification of the product covered by this certificate:
2. Citation to each CPSC product safety regulation to which this product is being certified:
3. Identification of the US importer or domestic manufacturer certifying compliance of the product:
4. Contact information for the individual maintaining records of test results:
5. Date and place where this product was manufactured:
6. Date and place where this product was tested for compliance with the regulation(s) cited above:
7. Identification of any third party laboratory on whose testing the certificate depends:

This form of certificate and instructions are staff interpretations and do not replace or supersede the statutory requirements of the new legislation. They were prepared by CPSC staff, have not been reviewed or approved by, and may not necessarily reflect the views of, the Commission. They may be subject to change based on Commission action.

2.3.1 Mandatory Third Party Testing

The CPSIA imposes a mandatory third party testing requirement for certain consumer products primarily intended for children twelve years of age or younger. Every manufacturer (including importer) or private labeller of certain children's products must ensure that their products are tested by a third party conformity assessment body before placing the products in the US market.

The CPSC is also given the authority either to accredit third party conformity assessment bodies (e.g. testing laboratories) for carrying out the required testing of children's products, or to designate independent accrediting organizations to accredit the third party conformity assessment bodies. Under certain conditions, the CPSC itself may accredit third party conformity assessment bodies that are owned, managed or controlled by the manufacturers or private labellers. In addition, to assure impartiality, government laboratories must also meet strict standards of independence to carry out works on product testing.

The CPSC is also required to maintain a list of accredited third party conformity assessment bodies on its web site for public information. The CPSIA also states that the CPSC has the authority to withdraw its accreditation to any third party conformity assessment body if any specified inappropriate circumstance concerning product testing is found.

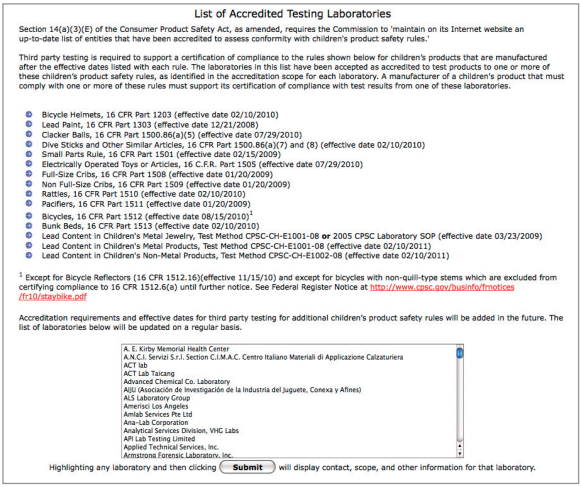
The schedule for the CPSC to issue the accreditation requirements for third party conformity assessment bodies on various consumer products is shown

in the table below. The dates shown in the bracket are the actual dates of implementing the accreditation requirements with conditions of the stay of enforcement.

	CPSC Publishes Accreditation Procedure	Third-Party Testing Required
Lead in Paint	22 September 2008	22 December 2008
Cribs And Pacifiers	6 October 2008	January 2009
Small Parts	4 November 2008	February 2009
Metal Jewellery	5 December 2008	March 2009
Baby Bouncers, Walkers and Jumpers	March 2009 (21 August 2009)	June 2009 (21 November 2009)
300 ppm Lead Content	May 2009 (7 October 2009)	August 2009 (on stay of enforcement)
CPSC Children's Product Safety Rules	June 2009 (on stay of enforcement)	September 2009 (on stay of enforcement)

You may refer to the following link to find out the accredited third party conformity assessment bodies in the CPSC website:

▷▷ http://www.cpsc.gov/cgi-bin/labapplist.aspx



List of Accredited Testing Laboratories

Section 14(a)(3)(E) of the Consumer Product Safety Act, as amended, requires the Commission to 'maintain on its Internet website an up-to-date list of entities that have been accredited to assess conformity with children's product safety rules.'

Third party testing is required to support a certification of compliance to the rules shown below for children's products that are manufactured after the effective dates listed with each rule. The laboratories in this list have been accepted as accredited to test products to one or more of these children's product safety rules, as identified in the accreditation scope for each laboratory. A manufacturer of a children's product that must comply with one or more of these rules must support its certification of compliance with test results from one of these laboratories.

- Bicycle Helmets, 16 CFR Part 1203 (effective date 02/10/2010)
- Lead Paint, 16 CFR Part 1303 (effective date 12/21/2008)
- Clacker Balls, 16 CFR Part 1500.86(a)(5) (effective date 07/29/2010)
- Dive Sticks and Other Similar Articles, 16 CFR Part 1500.86(a)(7) and (8) (effective date 02/10/2010)
- Small Parts Rule, 16 CFR Part 1501 (effective date 02/15/2009)
- Electrically Operated Toys or Articles, 16 C.F.R. Part 1505 (effective date 07/29/2010)
- Full-Size Cribs, 16 CFR Part 1508 (effective date 01/20/2009)
- Non Full-Size Cribs, 16 CFR Part 1509 (effective date 01/20/2009)
- Rattles, 16 CFR Part 1510 (effective date 02/10/2010)
- Pacifiers, 16 CFR Part 1511 (effective date 01/20/2009)
- Bicycles, 16 CFR Part 1512 (effective date 08/15/2010)[1]
- Bunk Beds, 16 CFR Part 1513 (effective date 02/10/2010)
- Lead Content in Children's Metal Jewelry, Test Method CPSC-CH-E1001-08 **or** 2005 CPSC Laboratory SOP (effective date 03/23/2009)
- Lead Content in Children's Metal Products, Test Method CPSC-CH-E1001-08 (effective date 02/10/2011)
- Lead Content in Children's Non-Metal Products, Test Method CPSC-CH-E1002-08 (effective date 02/10/2011)

[1] Except for Bicycle Reflectors (16 CFR 1512.16)(effective 11/15/10) and except for bicycles with non-quill-type stems which are excluded from certifying compliance to 16 CFR 1512.6(a) until further notice. See Federal Register Notice at http://www.cpsc.gov/businfo/frnotices/fr10/staybike.pdf

Accreditation requirements and effective dates for third party testing for additional children's product safety rules will be added in the future. The list of laboratories below will be updated on a regular basis.

A. E. Kirby Memorial Health Center
A.N.C.I. Servizi S.r.l. Section C.I.M.A.C. Centro Italiano Materiali di Applicazione Calzaturiera
ACT lab
ACT Lab Taicang
Advanced Chemical Co. Laboratory
AIJU (Asociación de Investigación de la Industria del Juguete, Conexa y Afines)
ALS Laboratory Group
Amerisci Los Angeles
Amlab Services Pte Ltd
Ana-Lab Corporation
Analytical Services Division, VHG Labs
API Lab Testing Limited
Applied Technical Services, Inc.
Armstrong Forensic Laboratory, Inc.

Highlighting any laboratory and then clicking Submit will display contact, scope, and other information for that laboratory.

2.3.2 Product Certificates

The certificates of general certification of conformity or certificates for children's products based on third party testing must be in English and they may also be supplemented with other languages. In general, the certificates shall include information such as the identity of manufacturer or private labeller of the product, the testing laboratory, the date and place of manufacturing and testing of the product.

Products without the required certificate may not be imported or distributed into the US market. The certificate must accompany the product or product shipment and it must be available to the CPSC and Customs and Border Protection for inspection upon request. Failure to furnish a certificate or furnishing a false certificate can subject to civil and criminal penalties.

2.4 Tracking Labels

The CPSIA requires that the manufacturer of a children's product to place a permanent, distinguishing mark (i.e. a tracking label) on the product and its packaging. A tracking label should contain certain product information including location and date of production of the product and cohort information (including the batch, run number, or other identifying characteristics).

The CPSC expects that manufacturers should use their best judgment to develop the tracking label which best suits their businesses and product nature. The

following shows the detail requirements about the provision of tracking labels for children's products under the CPSIA:

- tracking labels are required for all children's products manufactured one year after the enactment of the CPSIA (14 August 2009) regardless whether they are domestic or imported products;

- the CPSC believes that in most instances both the packaging and the product shall be marked. The name of the manufacturer or the private labeller shall be ascertainable from the marking;

- a "permanent" mark on a product should be a mark that can reasonably be expected to remain on the product during its useful life;

- for items meant to be sold as sets or pairs and that function only as sets or pairs, only one item of the pair, or an integral part of the set will need to be marked (A pair of shoes for example). Such condition is similar to the circumstances recognized in the legislative history about a game with small pieces that not requiring marking on all the small pieces. However, the CPSC expects that items which can be separated and sold separately should be separately marked;

- the CPSC recognizes that manufacturing of products may not always be completed within a single day. The CPSC anticipates that the date of production in the permanent mark can be a date with a range if the product is made over a period of time. When the product is a group of disparate components or the items assembled together or gathered into one package, the CPSC interprets that the date of manufacture could be the date of assembly or placing the components into one package;

- although Section 103(a) of the CPSIA does not require manufacturers to create a system to indicate the lot, batch or run numbers for the products,

the CPSC believes that to fulfil the tracking label requirements manufacturers have to apply reasonable means to ascertain detailed production information. Such information shall have the means to distinguish products made from different factories, made with different components, at different times or have other material differences that make the product non-identical from previous products; and

- the CPSC recognizes that there are some occasions when it may not be practicable to place a permanent mark (a tracking label) on the product. The following are the circumstances that the CPSC considers that marking the product itself may not be practicable:

  1. if a product is too small to be marked;

  2. if a toy is meant to be stored in a box or other packaging, such as games with boards and small game pieces. In this situation the board and the box should be marked, but the individual game pieces do not need to be marked. The CPSC believes that this principle should similarly apply to arts and crafts kits for children as only the storage box and one integral part of the kit needs to marked and not every item in the crafting kit has to be marked. In case where a number of small products such as marbles, buttons, beads, etc. are packaged together in a product, the CPSC believes that a permanent mark on the packaging would be sufficient;

  3. if a product is sold through a bulk vending machine, the product itself does not need to be marked but the package or carton in which the products are shipped to the retailers should be marked;

4. if a physical mark would weaken or damage the product or impair its utility, a permanent mark on the packaging would be sufficient;

5. if a product surface would be impossible to mark permanently such as those products made of elastics, beads, small pieces of fabric (jewellery, hair ornaments, etc.), or craft items like pipe stems, or natural rocks, a permanent mark on the packaging would be sufficient; and

6. if the aesthetics of the product would be ruined by a permanent mark and a permanent mark cannot be placed in an accessible but inconspicuous location, then a permanent mark on packaging would be sufficient.

2.5 Restrictions on Specified Phthalates in Certain Products

Phthalates are common industrial chemicals used as plasticizers and/or solvents in PVC plastics. Phthalates are commonly found in plastics, adhesives, air fresheners, and paints etc. Phthalates are relatively low cost materials which have a clear syrupy liquid consistency and they are often used in products for maintaining the scent, improving colour intensity and enhancing the elasticity.

Several scientific studies indicate that exposures to phthalates may cause health effects on children's development which include health effects or damages on liver and kidneys.

There have been various restrictions on using phthalates in toys and children's products in the US, EU countries and other countries. Besides, there have been some stringent requirements established from some large and renowned buyers for the use of phthalates in order to reduce the risk of health to their consumers and also to maintain the company's image as being socially responsible.

Materials normally contain phthalates are:

- polyvinyl chloride (PVC) plastics and other plastics including polyvinyl acetate (PVA), polyvinylidene chloride (PVDC), and polyurethane (PU);
- solvents / plasticizers in paints, inks, adhesives, sealants, air fresheners and scented products;
- Foam rubber or foam plastic, such as polyurethane (PU);
- surface coatings, non-slip coatings, finishes, decals, and printed designs;
- elastic materials on apparel, such as sleepware;
- adhesives and sealants; and
- electrical insulation.

Materials do not normally contain phthalates are:

- unfinished metals;

- natural wood, except for coatings and adhesives added to wood;
- textiles made from natural fibres, such as cotton or wool, except for printed decorations, waterproof coatings or other surface treatments, back coatings, and elastic materials;
- textiles made from common synthetic fibres, such as polyester, acrylic, and nylon, except for printed decorations, waterproof coatings or other surface treatments, and elastic materials;
- silicone rubber and natural latex; and
- mineral products such as play sand, glass, and crystal.

Under the CPSIA there is a ban stated on certain phthalates contained in children's toys or child care articles:

Beginning on the date that is 180 days after the date of enactment of the CPSIA, it shall be unlawful for any person to manufacture for sale, offer for sale, distribute in commerce, or import into the United States any children's toy or child care article that contains concentrations of more than 0.1 percent of di-(2-ethylhexyl) phthalate (DEHP), dibutyl phthalate (DBP), or benzyl butyl phthalate (BBP).

Beginning on the date that is 180 days after the date of enactment of the CPSIA and until a final rule is promulgated, it shall be unlawful for any person to manufacture for sale, offer for sale, distribute in commerce, or import into the United States any children's toy that can be placed in a child's mouth or child care article that contains concentrations of more than 0.1 percent of diisononyl phthalate (DINP), diisodecyl phthalate (DIDP), or di-n-octyl phthalate (DnOP).

2.6 Standards and Consumer Registration of Durable Nursery Products

Section 104 of CPSIA requires the CPSC to study and develop safety standards for durable infant and toddler products. The following products are identified to be included in the study:

- full-size cribs and non full-size cribs;
- toddler beds;
- high chairs;
- booster chairs;
- hook on chairs;
- bath seats;
- gates and other enclosure for confining a child;
- play yards;
- stationary activity centres;
- infant carriers;
- strollers;
- walkers;
- swings; and
- bassinets and cradles.

Under the requirements of the CPSIA, the CPSC can either make the existing voluntary safety standards for these products mandatory, or amend the requirements of the existing voluntary safety standards to make stricter safety standards. The CPSC should prioritize its work for studying of these products but the CPSC must begin to complete two rulemakings by 14 August 2009 and promulgate two more rules every six months until all products have completed with their own mandatory safety standards.

Once the safety standards for durable infant and toddler products are issued, it would be illegal to manufacture, sell or import a product that violates the new safety standards and the violations could result in either civil or criminal penalties.

At the time of preparation of this guidebook, the following mandatory safety standards for durable nursery products have been promulgated by the CPSC:

Products	Safety Standards of the Product
Infant Bath Seats	ASTM F1967-08a: Standard Consumer Safety Specifications for Infant Bath Seats
Infant Walkers	ASTM F977-07: Standard Consumer Safety Specification for Infant Walkers
Full-Size Baby Cribs	16 C.F.R. Part 1508 — Requirements for Full-Size Baby Cribs
Non-Full-Size Baby Cribs	16 C.F.R. Part 1509 — Requirements for Non-Full-Size Baby Cribs

This section of the CPSIA also requires the CPSC to issue a final rule which requires manufacturers of the listed infant and toddler products to provide a postage prepaid registration form within the products. This registration form will enable manufacturers or retailers to contact consumers in case of a product recall or to convey any product safety information to the consumers when necessary.

To fulfil the above requirement, the CPSC issued a final rule to require each manufacturer of a durable infant or toddler product to:

- provide a postage-paid consumer registration card with each product;
- keep records of consumers who register their products with the manufacturer; and
- permanently place the manufacturer's name and contact information, model name and number, and the date of manufacture on each such product.

2.7 Other Requirements

2.7.1 Labelling Requirements for Advertising Toys and Games

Section 105 of the CPSIA requires that advertising for certain toys and games which provide a direct means of purchase or order of the product must contain an appropriate cautionary statement.

When the packaging of a product requires a cautionary statement, the advertisement for the product, including internet sites and catalogues, must also bear the same cautionary statement.

Manufacturers, importers, distributors, or private labellers of such products must inform retailers if a cautionary statement is required. The retailers also have the responsibility to ask the manufacturer, importer, distributor, or private labeller if a cautionary label is required for a particular product.

For details of the labelling requirements for advertising toys and games, please refer to the following link for details:

▷▷ http://www.cpsc.gov/businfo/frnotices/fr09/lrtgafin.pdf

2.7.2 Mandatory Toy Safety Standards

Section 106 of the CPSIA states that 180 days after the date of enactment of the Act, the provisions of ASTM F963 Consumer Safety Specification for Toy Safety shall be considered as the consumer product safety standard.

After adopting ASTM F963–07 as the consumer product safety standard, the ASTM officially proposed replacing the consumer product safety standard ASTM F963–07 with ASTM F963-08 on 17 February 2009. On 13 May 2009, the CPSC voted to accept most of the proposed revisions stated in ASTM F963-08 and it became a consumer product safety standard on 17 August 2009.

For more information on the ASTM F963-08, please refer to the ASTM website:

▷▷ http://www.astm.org

2.7.3 Study of Preventable Injuries and Deaths in Minority Children Related to Consumer Products

Section 107 of the CPSIA requires the Government Accountability Office (GAO) to perform a study to assess disparities in the risks and incidence of preventable injuries and deaths among certain racial minority children. According to the requirements, the study should examine the racial disparities of the rates of preventable injuries and deaths for suffocation, poisonings, and drowning, including those associated with cribs, mattresses and bedding, swimming pools and spas, and toys and other children's products.

To meet the requirements, a study of Preventable Injuries and Deaths in Minority Children Relative to Consumer Product was carried out by the GAO and the study report was issued in August 2009. In the report it suggests the CPSC should develop and implement cost-effective means of improving data collection on factors that may contribute to any differences in the incidence of consumer product-related injury and death.

The GAO also recommends that the CPSC should develop and implement cost-effective ways to enhance and assess the likelihood that safety messages are received and implemented by all the intended audiences.

Compliance with the CPSIA Requirements – Produce Safer Consumer Products

3

3 Compliance with the CPSIA Requirements – Produce Safer Consumer Products

The CPSIA is the strongest single piece of consumer protection legislation since the creation of the CPSC in 1972. The scope of the CPSIA affects certain products manufactured or imported to the US which covers a great variety of manufacturing sectors including toys, textile and apparels, jewellery and even publishing industries.

The main focus of the CPSIA is to address the safety issues of children's products. In fact, the Act imposes new, stricter limits on children's products containing lead and certain products containing phthalates.

Starting from August 2008, manufacturers and importers have to make sure that their products meet the requirements of the CPSIA in order to allow safe products to enter into the US market.

3.1 Product Safety Policy

A clear and strong policy on product safety from the top management is necessary to demonstrate the organization's commitment in pursuing product safety. The policy should state the importance of the organization's concerns in achieving product safety in respect to product design, production, sales and distribution.

In view of the restrictions of hazardous substances for the consumer products in the CPSIA, it is expected that the safety policy should address the organization's commitment in complying with the statutory requirements.

In addition, the safety policy should demonstrate the top management's commitment to continual improvement in achieving hazardous substances free practices within the organization.

3.2 Organization for Handling Issues on Product Safety

To establish an effective working group in managing product safety issues is one of the most important management decisions for an organization to achieve product safety. In general, the top management should designate specific persons at the executive level to be responsible for planning and executing works associated with product safety. These persons should be assigned to leading the works associated such as product risk analysis, procurement control, production and product quality control, training, after sales management and product safety audits etc.

While the management determines the organization for handling product safety issues, it is also the management's responsibility to formalize its decisions in writing and to make such information available to the interested parties.

3.3 Product Safety Training

To implement effective product safety programmes, organizations should consider the complexity and sensitivity of the works assigned and to provide specific training targeting different groups of staff members. Product safety training can be arranged in the form of technical training on production processes, or it can be simply accomplished by distributing product safety messages through publications, bulletins, posters or other media for general staff members.

For senior executives, the scope of training should focus issues on understanding of organization's product safety requirements, product safety risk management and overall corporate responsibilities on product safety. Through appropriate training the senior executives should be able to evaluate the organization's status of achievement in product safety and they should be able to establish plans and allocate resources for implementing product safety programmes and activities within the organization.

Training for persons responsible for making decisions to purchase products for a retailer (buyers) should include basic product safety requirements. They should be trained to identify potential hazards and minimum testing/certification requirements for the products they purchase. For example, persons from the procurement department should receive appropriate training so that they will be able to understand the CPSIA's requirements about the restrictions on lead and certain phthalates and carry out works accordingly to further enhance product safety.

For product designers and engineers, they should receive training associated with technical aspects on product safety. Such training may assist them in understanding the known hazards associated with the products and they will be able to acquire the knowledge to handle issues such as product safety analysis, risk evaluation, benchmarking on safety standards, product testing methods and use of injury database etc.

3.4 Identification and Evaluation of Product Hazards

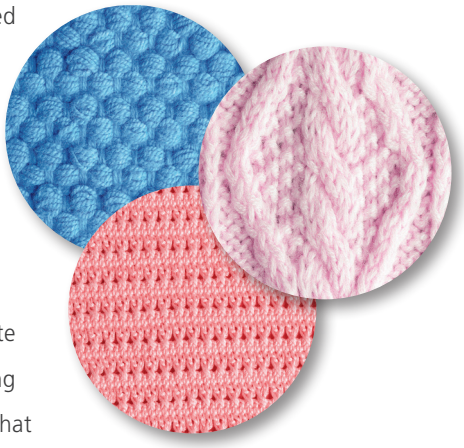
Appropriate analysis of hazards associated with products can be regarded as the most important issue for the management of product safety. Manufacturers may focus on areas such as design, material usage, production, packaging, testing, transportation, sales, use and disposal of the products and develop procedures for carrying out identification and evaluation of hazards.

After product hazard identification and evaluation exercises, manufacturers should be able to identify and evaluate aspects which may have significant contributions to the ultimate safety of the product. According to the evaluation results, manufacturers should establish procedures and exercise strict controls for aspects with significant potentials so that the ultimate safety of the product can be effectively controlled.

It is important to note that product hazard analysis should not only be carried out for general users. In fact, product hazard analysis should also be carried out with consideration of certain vulnerable population and certain foreseeable users in different age groups. For example, parents may be able to notice the potential hazards of a stroller or baby walker but children as the users may not be able to recognize such hazards. Therefore, it is important for manufacturers to take extra cautions for hazards that are not immediately apparent to the users.

3.5 Process Control

Although there may be a lot of aspects affecting the ultimate product safety in various production processes, manufacturers may first refer to the following areas and implement control measures to enhance product safety:



Materials Used: Raw, semi-finished or finished materials must conform to configurations and conditions specified during product design. Manufacturers should establish procedures and implement appropriate control measures such as supply chain management, on-site inspections and checking, labelling of raw materials etc, to ensure that safe materials are used for production.

Work Instructions: Important work operations affecting product safety should be described in writing. Work instructions may exist in many forms including work orders, operation sheets, inspection logs, repair logs and test procedures.

Equipment and Facilities: Different product design and fabrication processes require various levels of precision and accuracy of manufacturing equipment and tooling. Manufacturers must ensure that the quality of equipment and tooling has to be commensurate with the product requirements. In addition, manufacturers should be aware of issues when equipment and tooling may have the potential to contaminate the product during production.

Production Processes: Production processes need to be controlled to minimize variability in product performance and characteristics. To minimize the probability that these operations are resulting in hazardous defects, it is necessary to institute controls of equipment, methods and qualifications of personnel. Such controls may consist of scheduled inspections of equipment, surveillance of compliance with procedures, and verification of competence of personnel. Records of the results of such inspection and surveillance are necessary to substantiate the state of control of these processes.

Material Handling and Storage: Raw and manufactured materials used in production should be handled, packaged and stored under conditions that preclude damage and safety hazards. Manufacturers have to establish procedures to ensure that the raw materials used in production are within their shelf-life limitations. In addition, manufacturers have to carry out regular checks on the inventory to ensure the validity of materials used during production.

Product Quality Assurance: This refers to a systematic process taken throughout manufacturing to prevent and detect product deficiencies and product safety hazards. Various quality management systems, including the most widely adopted ISO 9000 standard, have been implemented by manufacturers of all sizes. Manufacturers have to make sure that their quality management systems are implemented effectively so that the quality requirements from customers, including product safety can be met.

3.6 Warnings and Labels for Products

Apart from identifying and evaluating potential product hazards and implementing associated programmes as for controls, provision of appropriate

product warnings and instructions in the product may often assist users in avoiding dangers. An explicit warning including a signal word, statement of hazards or appropriate instructions of use etc. is often helpful to enhance product safety.

The CPSIA requires manufacturers to have a tracking label or other distinguishing permanent mark on children's products in order to facilitate consumers to obtain the basic product information.

The CPSIA also states that advertising for certain toys and games which provide a direct means of purchase or order of the product must contain an appropriate cautionary statement. Such requirement will help in reducing the risk of consumers, especially children, when they are playing toys and games.

3.7 Product Safety Records

An effective product safety system requires records in sufficient detail and appropriate format to allow timely detection of safety hazards and trends, and to assist the traceability of assembly operations and components involved.

Product safety records may involve information on product change, engineering reports, product safety testing results, consumer complaints and information on legal cases concerning product liability etc. Such records will provide useful information for the management in making decisions on implementing product safety measures.

3.8 Corrective and Preventive Actions

Once a manufacturer/distributor has concluded that a product is reasonably safe based on pre-production review and analysis, the product is ready for distribution to the customers. Feedback from product users is critical to determining whether subsequent corrective action is necessary.

Government injury data such as the National Electronic Injury Surveillance System (NEISS) is a primary resource of safety management data. In addition, manufacturers may also refer to the database of recall products established by the CPSC to obtain valuable product safety information. Manufacturers should make use of such kind of information to determine if any preventive or corrective actions for their products are needed.

Manufacturers should also take note that an appropriate corrective action plan, including a well established product recall programme or notification to consumers, will greatly reduce consumer potentials to encounter dangers.

3.9 Product Safety Audit

To ensure products are compliant with the requirements of the CPSIA and the associated safety standards, the management shall take the leading role in carrying out regular product safety audits. Audit results should be recorded and distributed appropriately within the organization for necessary improvements.

4 Industry Experience Sharing in Meeting the CPSIA

Industry Experience Sharing in Meeting the CPSIA

Blue Box Group

Managing the Requirements of the Consumer Product Safety Improvement Act (CPSIA)

Blue Box Group was founded in 1952, with 58 years of history in the toy industry. We understand that "quality" is an essential element of the sustainability development for our company. In view of this concept, we always continue improving our quality system in order to provide safer and better products to our customers.

In recent years, several legislations concerning product safety around the world have been rapidly introduced to the toy industry. To address these requirements, Blue Box put together a "quality compliance" system, which is flexible enough to tackle issues arising from various safety requirements and changes. We believe that any piecemeal approach or *ad hoc* policy establishment will not be able to resolve the problems from the ever-changing product safety requirements. Instead we believe that a comprehensive and well-organized product quality system is the ultimate way to guide us in achieving product compliance.

Back in the old days, product safety legislation usually focused on restrictions of using particular substances within acceptable limits. But now due to the increased complexity of today's consumer products, the legislations concerning product safety have also become complicated. We often find that some product safety requirements are not just affecting the product quality itself, but they are

also affecting our company's operation processes and management system. The recent enacted CPSIA is clearly one of the examples.

The CPSIA has been launched since 14 August 2008, and imposes a number of product related and non-product related requirements that have taken effect at different dates. One of the CPSIA requirements concerning lead in paint was put into effect in August 2009. Notwithstanding the manufacturers have been given limited time for preparation, we have to act immediately by putting together an effective quality system in order to fulfil the requirements of the CPSIA.

In Blue Box, we have been addressing the CPSIA requirements through 3 different management levels, namely 1) raw material control, 2) product development, and 3) process controls.

In the first management level, Blue Box is taking the leading role in notifying our raw material suppliers about the new product safety requirements including the CPSIA requirements and other customer requirements. All suppliers are requested by us to study and analyze their supplied materials in substance level using the Material Safety Data Sheet (MSDS). Our suppliers are also required to submit to us the declaration and validation of material safety and also they are required to provide laboratory testing reports demonstrating that their supplied materials are safe to use.

In the second management level, our product development engineers in Blue Box are requested to only select materials from our approved vendor list for product design. Such practice will have the advantage to prevent any misuse of materials during the design stage that may eventually lead to non-compliance of the products.

In the third management level, all our factories and the OEM vendors must be required to check their production lines periodically in accordance with our Blue

Box Requirements Standard. In addition, we have also consolidated our customer's and international product safety requirements into one single document, namely Blue Box Corporate Standard, in order to facilitate our communication and implementation of safety issues with our factories and OEM.

Besides addressing the product related requirements, we have also noticed that the CPSIA sets out several administrative requirements, such as the requirements on General Certification of Conformity (GCC), tracking labels and warning labels etc.

Concerning the requirements of CPSIA addressing administrative issues, our responsible departments are required to study the impacts from such requirements and they are required to provide suggestions to handle such requirements. To address the requirements some new administrative procedures have been established.

We also observe that based on the enactment of the CPSIA, a Toy Safety Certification Program (TSCP) has been initiated by the US Toy Industry Association (TIA). As the name indicates the TSCP is basically a certification programme for toy products that meet certain safety requirements. We understand that TIA will be the organization to implement the programmes and the updates of TSCP will be provided through its website http://www.toyassociation.org. At the moment it is learnt that the first certification mark of the TSCP is expected to come into the market this year.

Importing companies and domestic manufacturers are responsible for meeting the basic requirements of the TSCP program, which are: 1) hazard analysis and/or risk assessment for toy product design, 2) factory process control audits and 3) production sample testing to validate that the factory is producing, at the time of sampling, toys that meet US safety standards. These three elements will be verified or audited by accredited certification bodies.

Upon successful completion of applicable requirements, the product or packaging may bear a toy safety mark. This mark will be controlled by product certification bodies that are overseen by a single accreditation body (ANSI), authorized by TIA.

To conclude, we are anticipating that a lot of new legislations and requirements concerning product safety and compliance are on their way and as a responsible manufacturer we have to commit to getting better prepared for changes. Blue Box is delighted to share our experience in managing the CPSIA issues and hopes this piece of information could provide you some ideas for improving your business.

Source: Blue Box Group

Creata – HK

Control Methods

on Phthalates in Children's Toys or Child Care Articles

New Standards with New Thoughts

We think most industries are familiar with the limits on phthalates concentrations in their products. Prior to the enactment of the US Consumer Product Safety Improvement Act (CPSIA), the restriction on phthalates in products was to focus on products for children 3 years of age or younger, and toys that could placed in a child's mouth. In addition, for the past few years product compliance testing associated with phthalates were mainly focused on PVC products. Manufacturers were often required to just carry out testing for their PVC products in order to confirm their compliance with the phthalates requirements.

Regarding the restriction limits of phthalates stated in the CPSIA, the requirements basically associate with children's toys or child care articles. In addition, the scope of limit for phthalates has been expanded from DEHP (3%) to six specified phthalates.

In view of the new requirements, we believe that organizations must increase the safety control level when manufacturing their products. If manufacturers are still using the conventional management tactics which mainly rely on testing finished products, due to the stricter requirements we believe that the incidence of finding unsafe products will be increased. As a result, the risk of manufacturing noncompliant products will be increased.

From Material Control to Contamination Control

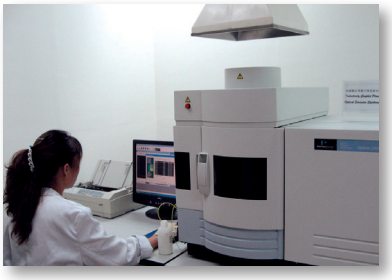
Back in the old days, we found that the main reason for products not conforming to the 3% DEHP concentration limit was due to raw materials containing excessive DEHP. Therefore, if manufacturers can ensure that the raw materials used in the production have met the DEHP requirements, chances of final products exceeding the limits on phthalates will be very low.

But in view of the new requirements of six specified phthalates in the CPSIA that are 30 times more stringent than the previous requirement, we think that products may be very easy to get contaminated with low concentrations of specified phthalates during production. Such condition may easily lead to the results of product non-compliance. According to our experience, the following reasons may lead to materials getting contaminated:

- using an unknown source of raw materials;
- using contaminated raw materials;
- reusing recycled materials that contain the six specified phthalates;
- using containers which contain residues of the six specified phthalates in the production processes;
- using containers or tools which may release the six specified phthalates and dissolve into the liquidized raw materials.

As the source of contamination is one of the most important aspects in managing product compliance, manufacturers should first put substantial efforts

in controlling their own processes and the quality of the upstream suppliers. We find that the most effective way to control phthalates concentrations in the products is to ascertain that all tools or materials used in the production area must be strictly compliant with the associated requirements.



The above concept looks simple but putting it in a real-life situation, we find, is rather difficult to follow. However, we think that we can refer to the following strategies to manage hazardous substances in order to achieve ultimate product compliance.

Supply Chain Evaluation and Corresponding Management

Each organization should understand the performance and material quality for each of the upstream suppliers (including raw materials and tool suppliers). It is also important to ensure that your upstream suppliers understand your specific requirements on product safety. In real life it is often found that your upstream suppliers may supply their products to different industries and there are chances that your upstream suppliers may not know your specific needs on product safety or hazardous substances requirements.

In view of the above, we believe that organizations should implement stringent supply chain management and work closely with the suppliers to define specifications and associated product responsibilities in order to achieve product compliance.

To reduce the risk of non-compliance of the product and lower the cost for product testing, organizations shall also maintain a sound management for their

supply chain. Organizations shall regularly evaluate the quality of the materials from the upstream suppliers to ensure compliance. If the material suppliers do not understand the phthalates requirements for your organization, then your organization shall communicate with and educate to the suppliers about your requirements. With thorough understanding of the organizations' needs, the upstream suppliers should take full responsibility to provide materials that conform to the standards.

Evaluation of the Risk for the Supply Chain

By evaluating the risk of each material that is used in the production, the organizations should be able to establish different levels of quality management program for different suppliers. For example, certain materials with a high-risk of non-compliance and large demand may lead organizations to pay more attention or organizations may even contribute to the supplier's quality control system for ensuring compliance.

Control on Raw Materials

Raw material control is the most essential part in hazardous substances management. All raw materials enter into the production processes must be supplied with associated compliance certificates or else they have to be tested and inspected before use.

Organizations must establish appropriate quality control programs for suppliers which supply high risk materials even if these suppliers have a good reputation on product quality. The following quality control program, including the testing frequency and sampling method, has been adopted in our company :

Material Usage	High Risk Level	Middle or Low Risk Level
High Usage	– Purchase materials from approved suppliers; – Approved suppliers should be responsible for the quality and testing on the materials; – Each batch of incoming materials must be inspected (100% inspection)	– Purchase materials from approved suppliers or suppliers with good reputation; – Suppliers or agents should provide guarantee on the materials; – Spot checks will be carried out on regular basis (each month or each quarter)
Low Usage	– Purchase materials from the approved suppliers or suppliers with good reputation; – Lower the frequency on purchasing to reduce the testing cost; – Each batch of incoming materials must be inspected (100% inspection)	– Purchase materials from the suppliers with good reputation; – Lower the frequency on purchasing to reduce the testing cost; – Each batch of incoming materials must be inspected (100% inspection)

Evaluation on Materials and Production Tools

Through stocktaking and careful inspections, materials coming from unidentified sources (e.g. reused PVC materials or finished products) must be handled appropriately in order to prevent cross-contamination during production. As phthalates are raw materials in liquid form, it is expected that containers for carrying such materials may be repeatedly used in the production processes and therefore the risk of contamination on the products will be increased. In view of this, organizations should pay particular attention to controlling the use of containers during production.

Phthalates may also be released from plastic containers when carrying certain solvents. Such condition may often increase the chance of cross-contamination during the production. Therefore, where appropriate we recommend using metal or polypropylene containers to carry solvents in the production line to reduce the risk of cross-contamination.

To reduce the risk of contamination for phthalates, we try our best to avoid using PVC based tools in the production lines. In addition, tools and containers with unknown history or origin must be thoroughly rinsed before use.

With the provision of the above management strategies during our production, it is likely that we could possibly isolate any doubtful material entering into our production processes. Since the production lines are free from hazardous materials, the incidence of product non-compliance associated with hazardous substances can be reduced and the operation risk of the organization can also be reduced.

Source: Creata - HK

DynaSys Solutions Limited

A Revolution
in Managing Consumer Product Safety

For the past ten years there have been numerous legislations and requirements formulated in the United States concerning product safety. Of particular concerns are the product safety regulations controlled by the US Food and Drug Administration and the Consumer Product Safety Improvement Act (CPSIA) executed by the US Consumer Product Safety Commission. These legislations have not only affected the retail and wholesale businesses in the United States but they have also caused substantial impacts to manufacturers all over the world. In parallel to the requirements on restriction of the use of certain hazardous substances, e.g. RoHS and REACH, in certain products from the European Union, pressures for Hong Kong manufacturers to meet these requirements have been overwhelming.

To accommodate this historical transformation on product safety requirements, we find that to rely on individual efforts to deal with product safety issues is impractical. Manufacturers often expressed their difficulties in meeting the ever changing requirements in production, product development and product safety regulations. They claimed that it was often a case for them to handle hundreds of regulations and at the same time they are also required to prepare a lot of documents for product verification and declarations. Such works are often trivial and complicated and they find it difficult to avoid making mistakes.

We find that the traditional management depending on individual staff members to conduct compliance checking with regulations may sometimes cause errors. To a certain extent too much reliance on traditional methods in managing product compliance may lead to serious economic loss or damage of business reputation. In view of this, we think that the strategies for managing product safety have to be changed.

To meet the requirements in the CPSIA and other hazardous substances requirements, we notice that some manufacturers have already adopted software tools or systems to manage hazardous substances usage for their products. Such tools or systems act like a "police" to assist manufacturers in focusing the supply chain management.

In addition to addressing special product safety requirements from the major global buyers, these tools or systems also have a role in consolidating major legislative requirements on material safety from the United States, European Union and other countries. Within these tools or systems appropriate warnings or reminders will be automatically issued to users if violations or non-compliance issues are discovered.

We believe that using such tools or systems will assist manufacturers to implement works on product safety and eventually they will help manufacturers to gain more confidence from their customers.

Source: DynaSys Solutions Limited

Leo Paper Group (Hong Kong) Ltd.

Managing Hazardous Substances and CPSIA Issues *to Increase Market Competitiveness*

About Leo Paper Group

Leo Paper Group was established in 1982 and we are one of the largest printing organizations in the world. Leo Paper Group's head office is located in Hong Kong, with other sales offices spreading across Seattle, London, New York, Belgium, Italy and Shanghai to support its operation. Our factories are located in Shanghai, Jiangxi, Beijing and Heshen.

As a socially responsible organization, Leo is committed to complying with all local legislative requirements as well as relevant international standards. We believe that maintaining a good stakeholder relationship with faithful, open-minded and fair attitudes will let us fulfil our commitments to the clients.

We are also committed to treasuring and treating our employees well as we uphold the motto "People as our Foundation". Thus, we make sure that our employees are working in a safe, hygienic, and healthy environment.

BASIC REQUIREMENTS OF THE CPSIA

The CPSIA mainly focuses to control product safety issues associated with consumer products that are intended primarily for children 12 years of age or younger. The legislative requirements associated with product safety are the lead content in children product and restrictions of 6 specified phthalates in certain products. These requirements have been in force since February 2009. It is learnt that the CPSIA requires every children product entering the US market for sale should accompany general conformity certificates or / and product testing reports that are issued by the CPSC accredited third party certification bodies. According to CPSC's information, the certificate should contain the following information:

- identification of the product covered by this certificate;
- citation to each CPSC product safety regulation to which this product is being certified;
- identification of the manufacturer certifying compliance of the product;
- identification of the importer certifying compliance of the product;
- identification of the private labeller certifying compliance of the product;
- contact information for the individual maintaining records of test results;
- date and place where this product was manufactured;

- date and place where this product was tested for compliance with the regulation(s) cited above; and
- identification of any third party laboratory on whose testing the certificate depends.

Recommendations on Product Safety and CPSIA Management System

According to our experience, a well established product safety management system should include the following aspects :

1. Collection of customer Product Safety Information and Requirements;
2. Mechanism for reviewing and correcting customer Product Design Information;
3. Supplier's Evaluation, Certification and Control Mechanism;
4. Procedures or mechanisms for research and development of raw materials;
5. Material procurement system with the supports from material testing reports, material safety data sheets (MSDS) and suppliers declarations;
6. Procedures or mechanisms for in-coming material testing, labelling, inspections and identifications, storage and handling of defective materials;
7. Standardization of all processes through standard procedures and instructions;
8. Procedures or mechanisms to avoid cross contamination of materials and machinery used in the production line; and
9. Sufficient capacity of in-house safety test for materials and products.

Some Remarks of the CPSIA

From our point of view, to meet the requirements of the CPSIA is only the entry gate for our products to be entered into the US market. We understand that if products cannot meet the CPSIA requirements by accompanying the necessary certifications, our products may be subject to detainment. In addition, we also understand that information of manufacturers producing non-compliant products may be publicized by the CPSC.

In view of the above, we find that the following two points must be considered when organizations implementing measures in meeting the CPSIA requirements:

1. We find that simply complying with the basic requirements of the CPSIA may not meet our customers' needs. In fact, some of our customers have already implemented more stringent requirements, which are on top of the basic CPSIA requirements, as their new product safety requirements.

Comparison of CPSIA Requirements and Client Requirements	CPSIA Requirements		More Stringent Client Requirements	
	Date	Limit	Date	Limit
Lead Paint Rule	20/2/2009	600 ppm	1/4/2008	90 ppm
	14/8/2009	90 ppm	1/6/2009	40 ppm
Children's products containing lead	10/2/2009	600 ppm	1/4/2008	300 ppm
	14/8/2009	300 ppm	1/6/2009	200 ppm
	14/8/2011	100 ppm	1/6/2010	100 ppm
Certain products containing specified phthalates (DEHP, DBP, BBP, DINP, DIDP and DnOP)	10/2/2009	1,000 ppm	12/2007 1/6/2009 (Additional Control on DnHP)	1,000 ppm

2. We notice that as there are significant number of products supplied for our US customers which will eventually enter into the EU markets, therefore in addition to meet the CPSIA requirements, we also have to consider product safety requirements from the EU and other countries, with particular concern on REACH.

Using Product Safety Management to Increase Market Competitiveness

To increase competitiveness, We think an organization should posses the following three elements:

If an organization is geared to the above elements, it is likely that the organization will be able to reach success in reducing the opportunity costs (i.e. eliminating the cost incurred from incidents of non conformance accident) and creating business achievement.

To reach the ultimate success, an organization should also posses elements which can be outstanding from your competitors. Examples of such elements are:

a. Well-established procedures for supply chain management including supplier selection and verification, performance control and evaluation etc.;

b. Procedures for product design review which can better manage the risk;

c. Enhancement of Product Testing Ability: e.g. to establish a product testing laboratory accredited to ISO 17025 within the organization;

d. Traceability of products: To establish a traceability system for product safety. For example the organization may consider to employ an RFID system to enhance the traceability of product safety; and

e. Internal Audit System for Product Safety Control.

Finally, effective communication with customers about your strengths and success in product safety will definitely assist in creating your market value of your products. Newsletters, organization website, publications and media can be the ways to communicate and market your business.

Source: Leo Paper Group

Philips Electronics Hong Kong Ltd.

MANAGING HAZARDOUS SUBSTANCES *TO MEET THE CPSIA REQUIREMENTS*

MANAGEMENT PHILOSOPHY

At Philips we have been working hard to minimize the environmental impacts of our products, processes and services since 1970. Guided by our precautionary principle, "Prevention is better than Cure" is the Philips' management philosophy for hazardous substances. When there is any sign of serious or irreversible damage to the environment and/or human health detected, the lack of scientific verification must not be the reason to delay our implementation of any necessary cost-effective preventive measures.

In view of the above, we often find that our established preventive measures sometimes go beyond the legislative requirements after careful consideration of scientific studies or stakeholder consultations.

Purpose of Regulated Substances List (RSL)

In Philips we have set up a RSL which clearly identifies the minimum requirements on hazardous substances for various products. This RSL is basically derived from:

- laws, regulations or code of practices in national, state or municipal level; and
- Philips' own requirements.

We treat the RSL a crucial part of Philips' general purchasing conditions. With the provision of the RSL, our suppliers must take measures to ensure that all products, parts, packaging and transport materials supplied to Philips are compliant to the applicable requirements in this list.

Scope of RSL

The requirements established in the Philips' RSL are applicable to our world-wide policy. In other words, the requirements stated in the RSL are relevant to all Philips products, packaging, and transport materials world-wide even if the local regulatory requirements are found to be less stringent. In a situation when there is any discrepancy between the Philips' corporate requirements and the local regulatory requirements, Philips will make reference to the more stringent requirements for actions so that the health, safety and environment standards of our products can be maintained at the highest levels.

SUPPLIER DECLARATION PROCESS

Supplier Declaration Tool

To ensure good and effective supply chain management, Philips has first identified and collected chemical information about the parts, products, packaging materials etc in "substance" level. The main reason for collecting such information is that most of the legislative requirements associated with hazardous substances are established in chemical substance level and therefore it would be much easier for Philips to further plan and implement measures to control them. To fulfil our needs, Philips has been establishing and implementing a system, namely BOMcheck, as a tool to assist us in collecting "substance" information from our suppliers.

The BOMcheck acts as a platform to facilitate a large number of Philips' suppliers to provide the required chemical substance information. The BOMcheck also

functions as a regulatory compliance tool, in which the suppliers can provide compliance declaration within the system in order to meet various statutory declaration requirements such as the requirements associated with the US CPSIA and EU REACH.

Thresholds

While the information of parts, products, and packaging in substance level is collected through the implementation of BOMcheck, suppliers are still required to validate that their goods that are compliant to our RSL. The validation work is accomplished by comparison of the supplier's BOMcheck declarations with the Philips RSL. To fulfil the validation exercise, Philips has identified two thresholds for suppliers to comply with and they are:

1. Maximum concentration limits for restricted substances (such as substances under the restrictions of the CPSIA i.e. lead and phthalates contents); and

2. Maximum concentration limits for declarable substances (such as the concentrations of the SVHCs under the REACH requirements).

Maximum concentration limits for restricted substances

The table below is a part of the RSL which is applicable to our child care products or toys (i.e. Philips AVENT products for children). The first three requirements listed below are the limits associated with the current US CPSIA requirements:

Part used in Child Care or Toys Products		
Substances	**Maximum concentration limits (ppm)**	**Application**
Phthalates (DEHP, DBP, BBP, DINP, DIDP, DnOP)	1,000	Toys and child care articles
Lead and lead compounds	300	Accessible parts in toys and child care articles
Lead and lead compounds	90	Paint in toys and child care articles
Benzene	5	Toys and child care articles

Maximum concentration limits for declarable substances

Under the Philips' management practices on hazardous substances, a declarable substance is defined as a chemical substance which can be used in products, but such substance needs to be closely monitored during use. We also understand that the usage of the substance is permitted in production, but it must be within the maximum concentration limit. In this regard, the concentrations of individual declarable substances of the supplied materials must be provided to our system. We find that the information from our suppliers is very crucial as this will assist us in understanding more about our product in detail. More importantly such information will help us to evaluate the overall concentrations of various declarable substances in the products and to decide if any preventative control measure is needed.

Source: Philips Electronics Hong Kong Limited

RC2

Conformation with the Consumer Product Safety Improvement Act (CPSIA)

The Consumer Product Safety Improvement Act (CPSIA) was signed into law by the former US president George W. Bush and it has been enacted since 14 August 2008. This piece of new legislation establishes new restrictions on lead content in children's products and lead in paint. In addition, the CPSIA also stipulates limits for specified phthalates in children's toys or child care products.

Due to the recent stagnant economic environment coupled with the several import requirements in the United States, the situations have put a lot of manufacturers into great business difficulties. However, we still believe that organizations with commitment to taking continuous efforts in process improvement will get through the difficulties and ultimately they will achieve satisfactory results.

Taking ourselves as an example, we learn that paint is critical in our raw material supply. Since the establishment of new limits on lead in paint in the CPSIA (i.e. 90 ppm), the number of suppliers for paint has been noticeably reduced. In addition, the concentration of lead in paint in product accessories is also required to comply with the CPSIA and this makes us even more difficult to manage our supply chain. In fact, we find that a number of our suppliers are unable to provide testing reports to prove their compliance with the CPSIA and this situation has led us to helpless.

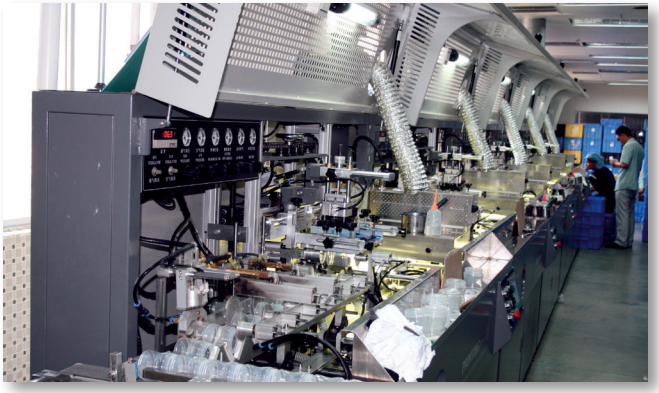
In view of the above, we have been putting great efforts to achieving better control on suppliers' selection, enhancing incoming materials control, and improving manufacturing processes and product quality. With all the hard works we done have gradually put our products to reach high recognitions on quality and reliability. More importantly our efforts have led us in achieving our commitments of social responsibility.

Experience Sharing in Meeting the CPSIA Requirements

To lower the risk of manufactured products in violating the hazardous substances requirements of the CPSIA, we have been strengthening our controls in various aspects, including raw material usage, manufacturing process and product quality control perspectives.

Control the Paint Quality: We request all of our paint suppliers to provide testing reports for all products supplied. For each batch of supplied materials, testing reports demonstrating that the paints are in compliance with the requirements which must be provided before coming to our factories.

Incoming Material Control: The labels attached in the packaging must be complete and clear. Our staff will first check product information including the product serial number, batch number, category, name and etc. to ensure that the



testing reports are matched with the supplied paints. After careful checking of the materials, our staff of the warehouse shall mark, classify and store the paints accordingly. Staff from the material inspection department will then check, according to the testing reports and tracking table of the corresponding paint, to ensure their quality. Staff will also carry out sampling of the incoming paint for compliance testing.

Manufacturing Process Control: We have to make sure that paints used in the manufacturing processes are certified for compliance. According to our operation practices, the production department should first refer to the production schedule and the estimated paint consumption so that only the essential quantity of paints will be used in the production processes. The production department is also required to maintain records for the usage of paints. Any unused paints must be returned and stored properly in the storage room. Protection labels for the paint shall always be kept intact and the material card showing individual paint information should be marked clearly.

Quality Control for Finished Products: For each batch of manufactured products, samples must be submitted to customers for product compliance testing. To comply with the CPSIA requirements, each product must also be attached with a tracking label showing product information such as manufacturing date code and batch number etc. Testing reports showing product compliance for an individual batch of products and the product annual testing reports shall also be provided to the customer's quality assurance team during quality inspection.

Source: RC2

Q&A on CPSIA

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5 Q&A on CPSIA

5.1 Children's Products Containing Lead

Q1: What is the definition of a children's product and how will the age cut-off be determined?

A: Section 235(a) of the Consumer Product Safety Improvement Act (CPSIA) amended section 3(a) (2) of the Consumer Product Safety Act ("CSPA") by creating a new definition of "children's product". A "children's product" is defined, in part, as "a consumer product designed or intended primarily for children 12 years of age or younger".

A proposed interpretative rule has been issued on 17 March 2010 to further discuss the definition of "children's product". This proposed interpretative rule aims to discuss the statutory definition and to provide guidance on how manufacturers can evaluate consumer products to determine whether such products are children's products.

In the proposed interpretative rule it defines certain factors that are to be taken when making a determination about whether a product is "designed or intended primarily for children 12 years of age or younger". These factors are:

- a statement by a manufacturer about the intended use of such product, including a label on such product if such statement is reasonable;
- whether the product is represented in its packaging, display, promotion, or advertising as appropriate for use by children 12 years of age or younger;
- whether the product is commonly recognized by consumers as being intended for use by a child 12 years of age or younger; and
- the Age Determination Guidelines issued by the Commission staff in September 2002 and any successor to such guidelines.

The proposed interpretative rule also further defines that "products intended for use by children 12 years or younger" which applies to those products children will physically interact with based on the reasonably foreseeable use and misuse of such products.

The rule also addresses the definition of "general use product" as the consumer products that are not being marketed to or advertised as being primarily intended for use by children 12 years old or younger and that are used by a significant proportion of the population older than 12 years of age.

In the Rule, the CPSC provides examples to help manufacturers understand the concept of what constitutes a children's product under the CPSIA and these examples are:

- furnishings and fixtures;
- collectibles;
- jewellery;
- DVDs, video games and computers;
- art materials;
- books;
- science equipment;
- sporting goods and recreational equipment; and
- musical instruments.

Details of the proposed interpretative rule concerning the definition of "children's product" can be found in the following source:

http://www.cpsc.gov/library/foia/foia10/brief/childproducts.pdf

Q2: When interpreting Section 101(f) of the CPSIA and 16 C.F.R. 1303.1, does the 90 ppm lead in paint and surface-coating limit only apply to children's products?

A: No, this limit does not only apply to the paint on toys and other children's products, but it also applies to the paint on consumer products sold to consumers and certain household furniture items except the products exempted under 16 C.F.R. 1303.3.

Q3: Does packaging material have to comply with the lead requirements? Does it matter if the packaging is intended to be reused (e.g., heavy gauge reusable bag with zipper closure to store a set of blocks)?

A: Packaging is generally not intended for use by children, given that most packaging is discarded and not used or played with as a children's product. However, if the packaging is intended to be reused, or is used in conjunction with the children's product such as a heavy gauge reusable bag used to hold blocks, it becomes a component or part of the product, and would be subject to the lead requirements of CPSIA.

Q4: Can X-ray fluorescence (XRF) technology be used to support the issue on general conformity certification for compliance with lead paint or lead content limits?

A: Yes, XRF testing either by a manufacturer or by a laboratory may serve as the basis for issuing the general conformity certification. However, when third party testing is required for certification, such testing may not be based on the XRF technology. Manufacturers have to be aware of choosing XRF technology for testing products as such technology may cause large uncertainties when screening lead in paint or measuring lead content in the products.

Q5: Is composite testing for products allowed to assess the lead in the surface paint/coating or in the substrates?

A: Composite testing for similar types or parts from a product is appropriate and it can obtain valid analytical results. But composite testing for different types or parts of a product should be carried out with extra care and planning. Manufacturers have to understand the limitations of composite testing as they may result in testing errors.

Q6: Will toys manufactured outside the United States allow to be imported into the United States for lead testing, or will the testing have to be performed outside the United States prior to import into the US market ?

A: Manufacturers may submit product samples for testing in the United States without certifying them. However, prior to shipping any product other than samples (i.e. products imported for consumption or warehousing or distribution in commerce) into the US market, the products must have the required certifications.

Q7: If a children's product is not intended for "play" and it has no "play value", does it need to comply with the lead content limits?

A: Yes, under Section 101 of the CPSIA, any children's product that contains more lead than the limit shall be treated as a banned hazardous substance. Therefore whether the product is or is not intended for "play" or has or doesn't have "play value" is not a factor.

Q8: What are the criteria of product accessibility?

A: The CPSC issued a final rule on 9 August 2009 providing guidance for product components or classes of components that would be considered as "inaccessible". The following table summarizes the methods to be used for evaluating the product accessibility:

Children's age group	Evaluation of components that will be considered to be in accessible
≤ 18 months	Use and abuse tests (16 C.F.R. 1500.50 and 16 C.F.R. 1500.51)
18 months to 36 months	Use and abuse tests (16 C.F.R. 1500.50 and 16 C.F.R. 1500.52)
36 months to 96 months	Use and abuse tests (16 C.F.R. 1500.50 and 16 C.F.R. 1500.53)
96 months to 12 years old	Use and abuse tests (16 C.F.R. 1500.50 and 16 C.F.R. 1500.53)

5.2 Mandatory Third Party Testing and Certification for Children's Products

Q1: Can an electronic general certification of conformity be used to meet the requirements of Section 102 of the CPSIA?

A: The CPSC issued a rule specifically allowing the use of an electronic general certification of conformity, provided that the CPSC has a reasonable access to it and the general certification of conformity contains all the information required by Section 102 of the CPSIA.

Q2: Who should issue the general certification of conformity?

A: For products manufactured overseas, the general certification of conformity should be issued by the importer. For products manufactured within the United States, the general certification of conformity must be issued by the US manufacturer. Therefore an overseas manufacturer or a private labeler is not required to issue a general certification of conformity.

Q3: Must each shipment of products be "accompanied" by a general certification of conformity?

A: Yes, the law requires that each import (and domestic manufacturer) shipment must be "accompanied" with the required general certification of conformity. The requirement applies to imports and products manufactured domestically. Under a final rule issued by the CPSC, an electronic general certification of conformity can be accompanied with the shipment, provided that the certificate can be identified by a unique identifier and it can also be accessed via the World Wide Web or other electronic means and the unique identifier are created in advance and available with the shipment.

Q4: Does the importer or US manufacturer need to supply a general certification of conformity to its distributors and retailers?

A: Yes, the importer or US manufacturer needs to "furnish" the general certification of conformity to its distributors and retailers. The CPSC's rule states that this requirement is satisfied if the importer or US manufacturer provides its distributors and retailers a reasonable means to access the general certification of conformity.

5.3 Tracking Labels

Q1: The CPSIA requires the manufacturers to place a permanent mark on product and packaging one year after its enactment. Does it mean such requirement will affect products manufactured for the 2010 retail season that require them to have a permanent mark?

A: CPSC believes that the tracking label requirement applies to children's products that are manufactured on or after 14 August 2009.

Q2: What information needs to be provided on the product to meet the tracking label requirements of Section 103 of the CPSIA? Does the Section 103 of the CPSIA require that a manufacture's name be presented on a tracking label?

A: Section 103 of the CPSIA states that the tracking label must contain information that will enable the manufacturer to ascertain the location and date of production of the product and cohort information (including the batch, run number, or other identifying characteristic) and any other information determined by the manufacturer to facilitate ascertaining the specific source of the product by reference to those marks.

Q3: Can hangtags and adhesive labels be used as tracking labels for textile-type items?

A: No, the CPSIA requires the markings with specified information to be permanent. Hangtags and adhesive labels are not permanent marking.

Q4: Does all of the "ascertainable information" need to be presented in a single label?

A: No, as long as the information is found on the product somewhere, the "ascertainable information" does not need to be marked on the same place. For example, the manufacturer's name may be placed in front of the product and package, but the lot, date information, and place of production can be placed elsewhere on the product.

Q5: My product has a clear package and it can be seen through the packaging. Do I still need to place the permanent mark on the packaging?

A: If the tracking label on the product is visible through the packaging, such label would be sufficient.

5.4 Restrictions on Specified Phthalates in Certain Products

Q1: Does the prohibition on certain phthalates apply to inaccessible parts?

A: The prohibition on certain phthalates applies to children's toys or child care articles as defined in Section 108 of the CPSIA. Section 108 does not make an exemption for inaccessible parts for certain phthalates since the exemption applies only for lead in children's products under Section 101 of the CPSIA.

Q2: Does the prohibition on certain phthalates apply to sporting goods?

A: The category of products known as "sporting goods" can include toys but not all sporting goods are toys. In fact, the ASTM F963 toy safety standard, which becomes a mandatory consumer product safety standard, does not define sporting goods equipment to be a toy unless the product is a toy version of sporting goods equipment.

However the term "children's toy" in Section 108 of the CPSIA is defined broadly as a "consumer product designed or intended by the manufacturer for a child 12 years of age or younger for use by the child when the child plays." Therefore, the determination on whether a particular sporting goods product is a children's toy and subject to the ban on certain phthalates should be made on a case by case basis.

Q3: How do we determine whether a product is a child care article for the purposes of compliance with the certain phthalates limits?

A: A child care article is a consumer product designed or intended by the manufacturer to facilitate sleep or the feeding of children age 3 and younger, or to help such children with sucking or teething. For example,

a pacifier / teether is a product that would help a child with sucking or teething; a bib would facilitate feeding; a crib mattress, pyjamas and crib sheet would facilitate a child to sleep.

Q4: Does the packaging of a product have to comply with the phthalates ban? Does it matter if the packaging is normally discarded (e.g. polyester bag and blister packaging) or intended to be reused (e.g. heavy gauge reusable bag with zipper closure to store a set of blocks)?

A: The CPSIA defines children's toys as consumer products designed or intended for use by children 12 and under when playing. Packaging is not generally intended for use by children when they play, given that most packaging is discarded and is not used or played with as a children's toy or child care article. However, if the packaging is intended to be reused, or used in conjunction with a child care article or with a children's toy while playing, the packaging material would be subject to the phthalates ban.

5.5 Standards and Consumer Registration of Durable Nursery Products

Q1: Do infants' crib bedding, blankets, bath textiles, and apparel fall under the heading of "durable nursery product"?

A: No. Although the CPSIA does not define the term "durable", it is commonly understood that the term "durable" means a product that will exist for a long time without significant deterioration.

Clothing / textile products are generally not considered as durable goods. In fact, none of the items specified in Section 104 of the CPSIA as examples of durable products are items that are made entirely of textiles. Instead the examples given are rather primarily made by rigid materials (e.g., cribs, toddler beds, high chairs, strollers and bath seats).