**Product Safety & Compliance**

*Last updated: April 27, 2018*

ADG Promotional Products (“ADG”) feels very strongly about the safety of our products and of our Employees – safety is a matter we take ***very*** seriously. Below is an overview as well as a more detailed explanation of some of the actions we take to ensure that safety comes first.

1. **Product Safety Responsibility**

The products sold by ADG are tested by independent laboratories to ensure that they meet or exceed applicable industry and government established standards for safety. The products we sell comply with all applicable laws, rules and regulations, including, but not limited to those established by the U.S. Consumer Product Safety Commission (“CPSC”), the U.S. Food and Drug Administration (“FDA”), and the California Safe Drinking Water and Toxic Enforcement Act of 1985 (“Prop 65”).

1. **Social Responsibility**

ADG is committed to operating in an ethical and responsible manner. We have adopted a Vendors Code of Conduct which covers, among other things, standards in the workplace, such as social and environmental standards.

A more detailed explanation of each is contained in the pages that follow.

1. **Product Safety Responsibility & Compliance Process**

ADG acknowledges the need for established compliance standards, requirements, rules, and regulations. We promote safety by producing and selling products that are compliant with applicable laws, rules and regulations. We have established testing standards and, when necessary, we audit our products and Vendors to verify compliance with applicable laws, rules and regulations, as well as our own internal standards for safety.

1. ADG’s products are in compliance with all applicable laws, rules and regulations of the United States and Canada, including, but not limited to those required by the CPSC, FDA, and Prop 65. Also:
   1. Test reports delivered to ADG:
      1. are dated with the date of the test;
      2. are in the English language;
      3. clearly identify the product tested by lot and batch number;
      4. contain the name of the lab conducting the testing; and
      5. may be provided, upon request, to Distributors.
   2. The Children’s Products that ADG manufactures and sells are in compliance with the U.S. Consumer Product Safety Improvement Act of 2008 (“CPSIA”). ADG:
      1. Tests Children’s Products using an accredited third party testing lab
      2. Affixes tracking labels to Children’s Products;
      3. Requires its applicable Employees to undergo Undue Influence Training on an annual basis; and
      4. Maintains comprehensive technical files for each Children’s Product manufactured and sold by ADG.
2. **Social Responsibility**

ADG has an operating philosophy to exceed the expectations of its Distributors and their Clients each and every day. ADG accomplishes this by simply “doing the right thing.” For example, policies and procedures are in place to dictate how ADG treats its Employees and the environment, which in turn, fosters a positive bond. ADG expects the same of its Vendors and Suppliers. Below is an outline of the ethical standards ADG holds itself and its Vendors and Suppliers to.

1. ADG will be honest and act in good faith, and expects its Vendors to do so as well. The following statements support this policy.
   1. Provisions of Gifts or other Benefits. ADG shall not accept, and Vendors and Suppliers should not offer or provide, gifts, trips or favors that could influence an Employee’s decision or recommendation.
   2. Corporate Funds. Any liability is to be satisfied only by submission of an appropriately detailed invoice to the respective legal entity owing such liability.
   3. ADG and its Vendors and Suppliers are expected to comply with all applicable laws and regulations.
2. ADG strives to work with its Vendors and Suppliers to treat their Employees with dignity and respect, adhere to applicable laws and regulations, and make their products in an environmentally sustainable manner. Accordingly, ADG complies with, and requires its Vendors and Suppliers to comply with, the following Code of Conduct.

**Product Safety**

**Compliance with Laws & Standards.** ADG will comply with all applicable laws and regulations regarding safety of products we sell. Where feasible and appropriate, ADG will meet applicable voluntary industry standards for our products and processes.

**Product Quality**

**Expectations Consistently Met.** ADG will support and expect manufacturing processes that ensure consistently met expectations of agreed-upon product quality and functionality.

**Social Compliance**

**No Abuse of Labor.** ADG will not use any form of forced labor, including indentured, prison, bonded, or slave labor. Physical abuse, the threat of physical abuse, sexual or other harassment, verbal abuse, or other forms of intimidation shall be prohibited.

**Employment Relationship.** Employees shall be free to end employment at their discretion.

**No Child Labor.** ADG will comply with all minimum age provisions of applicable laws and regulations in the countries we operate in.

**Freedom of Association:** ADG respects the rights of Employees to associate or organize without fear of reprisal or interference. If Employees are represented by an organization recognized under law, we respect the right to bargain collectively.

**No Discrimination.** ADG will not discriminate in employment hiring practices on the basis of age, nationality, race, religion, social status, ethnic origin, gender, sexual orientation, disability, or other protected class.

**Hours and Wages.** ADG will comply with all applicable wage, work hours, hiring, benefits, and overtime laws and regulations. In the absence of law in a particular location relating to product safety, labor, employment, environmental or working conditions, the spirit and intent of these policies will guide our business decisions.

**Workplace Conditions.** ADG will provide a safe, healthy, and secure workplace. We will abide by all applicable laws and regulations for safety and health.

**Environmental Sustainability**

**Minimize Adverse Impact.** ADG will abide by all applicable environmental laws and regulations. We aim to manage production processes, energy/water usage and waste systems for maximum efficiency and minimal adverse impact on the environment.

**Supply Chain Security**

**Product Security through Delivery.** ADG and our Suppliers will implement procedures that ensure products have not been changed or tampered with from shipping through delivery.

**Ethical Behavior.** ADG’s Suppliers are expected to conduct their business in accordance with the highest ethical standards and will strictly comply with all laws and regulations on bribery, corruption and prohibited business practices. No money, assets, gifts, fees, bribes or compensation of any kind may be given to our Employees or our affiliates’ Employees in an attempt to unduly influence such person’s decision making abilities.

The adoption by ADG of the Code of Conduct stated above is intended to convey to you, our valued Distributors and your Clients, ADG’s sincere commitment to the safety of our products and Employees. It is ADG’s guide to conducting our business and we look forward to continuing to build our relationship with you.

**Business & Ethics Hotline:** ADG is committed to doing business the right way and upholding ethical practices across our company. We partner with a third-party to provide an anonymous hotline for those who wish to report conduct or fraud concerns while working with the company. If you have a concern to report, please contact Lighthouse Services: 844-420-0066 or www.lighthouse-services.com/taylorcorp.

**General Questions**

**What is a General Certificate of Compliance or a General Certificate of Conformity (“GCC”)?**

A GCC is a certification made by a manufacturer or importer of goods that are regulated by the federal government. GCCs are based on testing or a reasonable test program and include the identification of the product covered by the certificate, citations of each regulation or rule the product complies with, identification of the manufacturer or importer of record, contact information of the individual maintaining corresponding records, date and place where the product was manufactured and tested, and the identification of the testing lab.

**Do all products require a GCC?**

No. GCCs are only required if the product is regulated by a federal regulation. Products that are not regulated by a federal regulation or rule do not require a GCC; however, some manufacturers and importers will issue a GCC for such products. ADG issues GCCs for regulated items, and will, upon request and on a case by case basis, issue a GCC for an unregulated product.

**Is ADG required to supply GCCs to Distributors?**

If a Distributor purchases a regulated product from ADG, then ADG must provide the Distributor with a reasonable means to access such GCCs. For any regulated products regularly shipped from any ADG facility, all required GCCs will be kept on file and available via request to ADG’s Customer Service Team at (800) 852-5208 or at [service@adgpromo.com](mailto:service@adgpromo.com). For direct overseas special orders, all GCCs for regulated products will be kept on file at ADG and can be provided to a Distributor upon request.

**What is the Consumer Product Safety Improvement Act of 2008 (“CPSIA”)?**

CPSIA is a federal consumer product safety law governed by the U.S. Consumer Product Safety Commission (“CPSC”). It is designed to allow the CPSC to better regulate the safety of Children’s Products made and/or imported for sale in the U.S. CPSIA amended the Consumer Product Safety Act (“CPSA”) by including provisions addressing lead and phthalates in Children’s Products as well as third party testing and certification, among other things.

**What is the definition of a Children’s Product?**

A “Children’s Product” in the United States and Canada is defined as any consumer good primarily intended for use by, or primarily marketed to, a child 12 years of age or younger (14 years of age or younger if in Canada). In determining whether a consumer good is a Children’s Product, the following factors will be considered:

* 1. A statement by the manufacturer about the intended use of the product, including a label on the product if such statement is reasonable;
  2. Whether the product is represented in its packaging, display, promotion or advertising as appropriate for use by children;
  3. Whether the product is commonly recognized by consumers as being intended for use by a child; and
  4. Logos and/or imprint utilized on the product to specifically target children.

**Does ADG sell Children’s Products?**

As of December, 2017, the only Children’s Products ADG sells is youth t-shirts. Except for these youth t-shirts, all of ADG’s products are considered “General Use” products and are not intended to be Children’s Products. Please be mindful of this when placing orders for ADG’s general use products as ADG will not accept any liability from any third party when an ADG general use product is used or treated as a Children’s Product. In no event shall ADG be liable for any damages resulting from such use. Specifically, ADG shall not be liable for any special, incidental, indirect, or consequential damages even if advised in advance of the possibility of such damages, and ADG’s total liability for damages related to the sale of general use products is limited to the total fees due for the invoice upon which a claim is based.

**What is a Tracking Label and when are they required to be used?**

Under CPSIA, Children’s Products must have distinguishing permanent marks that are affixed to the product and its packaging and provide certain identifying information that is visible and legible. Tracking labels must contain the following information:

1. Manufacturer or private labeler name;
2. Location and date of production of the Children’s Product;
3. Detailed information on the manufacturing process, such as a batch or run number, or other identifying characteristics; and
4. Any other information to facilitate the specific source of the product.

ADG has adopted the Promotional Products Association International (“PPAI”) protocol for assisting Distributors and their Clients in locating the required tracking label information in a specially created website which is referenced on each tracking label. At this time, ADG only offers children’s youth t-shirts.

**What is mandatory third party testing and certification of Children’s Products?**

Under CPSIA, Children’s Products are required to be tested by an accredited third party lab, and the manufacturer or importer of record is required to certify that the Children’s Product complies with applicable law based on such third party testing. ADG has established a Children’s Product testing program that is in compliance with CPSIA and will issue a Children’s Product Certificate (“CPC”) in accordance with applicable law.

**What is Undue Influence Training and does ADG do this type of training?**

Undue Influence Training is training to make sure that manufacturers and their Employees do not exert undue influence on testing labs to alter test methods or test results that serve as the basis for certifying a Children’s Product’s compliance under federal law. All ADG Employees involved with sourcing or testing Children’s Product are required to undergo undue influence training on an annual basis. ADG is committed to ensuring that no Employee exercise undue influence on any testing lab. No Employee is permitted to take any action that could undermine the integrity of test data, and we instruct our Employees to promptly report any incident of undue influence they may witness to ADG’s compliance specialist as well as the CPSC directly.

**What is the Flammable Fabrics Act and are ADG’s products required to comply with it?**

The Flammable Fabrics Act is a federal regulation governed by the CPSC that regulates the manufacture of highly flammable clothing. Products subject to the Flammable Fabrics Act which are manufactured and sold by ADG are in compliance with the Act and ADG will issue a GCC certifying such compliance.

**General compliance statement of lead and/or cadmium content in inks used by ADG.**

ADG is committed to providing high quality, safe products for sale in the marketplace. We have worked with our supply chain partners to implement a process to help ensure that product and decorating materials meet federal and state health and safety standards, including Prop 65. ADG purchases inks from well-established, reputable domestic Suppliers in the United States. We have worked closely with our ink Suppliers to test and document lead content for all ink systems used to decorate ADG products. ADG tests the lead content of all inks used in production. All inks used by ADG to decorate the products we sell contain less than 90 ppms (parts per million) of lead. Inks used in all ADG decorating processes are tested by a qualified third party testing lab, including the following decorating processes: a) High Definition Imprint (HDI)– “Full Color”; b) pad print; c) silk screen; d) hot stamp; and e) toners.

**How often does ADG audit its manufacturers and what standards are set?**

ADG sourcing and product development teams visit ADG overseas manufacturing partners multiple times each year. All completed goods go through a “QA Inspection” prior to export shipping to North America. Our overseas manufacturing partners undergo periodic audits as well.

**Can ADG remove the “China” markings from its products?**

Federal Regulation 19 U.S.C. 1304 requires this information remain on each product. It designates the country of origin the product comes from.

**Is ADG able to provide NAFTA Certificate of Origin documents?**

Products manufactured in Asia do not qualify for NAFTA. We can provide certificates for those items produced and originating in North America.

**Is ADG always aware of which country a product was manufactured in and by whom?**

Yes. Most ADG products are manufactured in China or the U.S. but there are some products from a few other countries.

**What is California Proposition 65 (“Prop 65”)?**

California Safe Drinking Water and Toxic Enforcement Act of 1986, also known as Prop 65, is a “right to know” law. The State of California has identified over 900 chemicals that it believes causes cancer and/or reproductive harm. Any product that enters the State of California that contains any of the 900 chemicals in excess of the allowed limits is required to contain a warning advising the citizens of the State of California that one of the chemicals is present. The warning must be on the product and any advertising material offering the product for sale. Failure to provide a warning when required can result in financial penalties. The current List of Chemicals believed by the State of California to cause cancer and/or reproductive harm can be found at [www.oehha.org/prop 65](http://www.oehha.org/prop%2065). If you have specific questions about this, please contact the ADG Customer Service Team at (800) 852-5208 or at [service@adgpromo.com](mailto:service@adgpromo.com).

**What regulations and standards apply to ADG products?**

ADG has established processes and protocols in place to ensure compliance with applicable standards. If you have questions about specific standards, please contact the ADG Customer Service Team at (800) 852-5208 or at [service@adgpromo.com](mailto:service@adgpromo.com).

**What is the Consumer Product Safety Commission and what does it do?**

The Consumer Product Safety Commission (“CPSC”) was established by Congress in 1972 and is an independent federal regulatory agency charged with reducing unreasonable risks of injury and death associated with consumer products. The CPSC achieves that goal through education, safety standards activities, regulation, and enforcement of the statutes and implementing regulations. The CPSC has jurisdiction over thousands of types of consumer products used in the home, in schools, in recreation, or otherwise. To carry out its mission, CPSC administers seven statutes passed by Congress. They are:

1. Consumer Product Safety Act (“CPSA”), 15 U.S.C. 2051-2089;
2. Federal Hazardous Substances Act (“FHSA”), 15 U.S.C. 1261-1278;
3. Flammable Fabrics Act (“FFA”), 15 U.S. C. 1191-1204;
4. Poison Prevention Packaging Act (“PPPA”), 15 U.S.C. 1471-1477;
5. Refrigerator Safety Act (“RSA”), 15 U.S.C. 1211-1214;
6. Virginia Graeme Baker Pool and Spa Safety Act (“VGBA”), 15 U.S.C. 8001-8008; and
7. Children’s Gasoline Burn Prevention Act (“CGBPA”), 110 P.L. 278.

**The Canadian Consumer Product Safety Act (“CCPSA”)?**

CCPSA is a Canadian consumer product safety law and applies to a wide variety of consumer products manufactured and sold in Canada including children’s toys, household products and sporting goods, but excludes products like motor vehicles and their integral parts, food, drugs, and animals, each of which are regulated by other Canadian laws. All ADG products are tested and meet the applicable requirements of CCPSA. Our Compliance Department routinely reviews Health Canada for CCPSA regulatory changes and updates.