LEAPING THE HURDLES

THE WORLD FEDERATION OF THE SPORTING GOODS INDUSTRY AND PRODUCT SAFETY
The World Federation of the Sporting Goods Industry (WFSGI) is the global authoritative body for the sporting goods industry. Our members include sporting goods brands, manufacturers, suppliers, retailers, national/regional federations, industry and trade associations and other sporting goods industry related businesses.

The WFSGI plays an important role as a resource for its members and as a platform for sharing best practice. We work to understand emerging and ongoing issues of relevance, assist our members to stay current with those developments, and advocate for appropriate laws and practices.

EXECUTIVE SUMMARY

Product safety and compliance in the sporting goods industry is concerned with ensuring that the items we produce are safe for consumers to use. It carries implications for all stages of product manufacture and use. An increase in both regulation and voluntary initiatives aimed at promoting high standards of product safety – together with significant legal risks and potential negative business impacts when these standards are not met – gives companies a clear imperative to take seriously their responsibilities in this area.

Maintaining high standards of product safety presents challenges for our members, from the cost of policing their suppliers’ compliance to keeping up with the rapid pace of innovation in the industry. Moreover, many companies do not have direct relationships or influencing capacity beyond their immediate suppliers, and there are also significant discrepancies in knowledge and capability across the manufacturing supply chain.

Nonetheless, the WFSGI believes that the industry’s highest priority is to protect consumers by ensuring that its products are safe to use, and that all members must take responsibility for what is in their sphere of influence. We also believe that it is an issue that demands a collaborative approach. We are committed to supporting our members, and believe that this is an area where we can be of most service by directing them to other relevant sources of expertise and guidance.

The purpose of this paper is to provide WFSGI members and others with an overview of regulation and voluntary initiatives pertaining to product safety and compliance, to outline our view of the challenges and benefits of maintaining high standards in this area, and to explain how we can support our members.
Product safety and compliance is concerned with ensuring that the goods produced by our industry are safe for consumers to use. It is a broad topic area with implications for all stages of manufacture and use – and, indeed, it is vital that a focus on product safety is a fully embedded part of all aspects of product development.

Designed to mitigate risks and promote high standards, product safety and compliance covers the following key aspects:

- Design and functionality
- Material composition (including, for example, fibre content as well as chemicals)
- Product marking
- Consumer information (such as product booklets) and disclaimers
- Marketing claims
- Waste handling

REGULATION

Legislation around product manufacture has increased in recent years, but there are no universally applicable regulations. This section provides a summary of some of the most common regulations currently in operation.

In the US, the Consumer Product Safety and Improvement Act (CPSIA) has been in force since 2008. This is a landmark consumer product safety law, which, among other things, imposes physical and chemical requirements for all children’s products marketed in the US and bans the use of phthalates in children’s toys. These measures may apply to some children’s sporting products.

In Europe, the General Product Safety Directive 2001/95/EC provides a generic definition of a ‘safe’ product and applies in the absence of specific European regulations on the safety of certain product categories. In addition, CE Marking – a manufacturer’s declaration that a product complies with relevant European health, safety and environmental legislation – is mandatory for some products being sold in the EU or EEA, including electrical and electronic equipment.

Some markets also have regulations governing the disposal of products post-use, most notably the European Waste Electrical and Electronic Equipment (WEEE) Directive. Aimed at progressively increasing the amount of electronic waste that is appropriately treated and recycled, this Directive applies to members that sell electrical or electronic sporting equipment in Europe.

A range of regulations govern the safe use of chemicals in product manufacture – including REACH in Europe and parts of Asia and Proposition 65 in California – and are outlined in the paper on chemical safety in this series.

VOLUNTARY INITIATIVES

These and other regulations are complemented by a range of voluntary initiatives and tools.

One of the best known initiatives is the International Organisation for Standardisation (ISO) – a set of standards designed to ensure that products and services are safe, reliable and of good quality. For business, they can be viewed as strategic tools that reduce costs by minimising waste and errors, and increasing productivity. A number of specific ISO standards apply to sporting products, some of which were developed by the industry itself.

OEKO-TEX® is an international association of research and testing institutes, focused on enhancing product safety and sustainable production in the textile industry. The OEKO-TEX® Standard 100 is a comprehensive, third-party testing and certification system for textile products at all stages of production. Textiles can only be certified if all components meet specified requirements. Test criteria are updated annually and go beyond existing legal regulations.

Assistance for companies keen to guarantee the quality and safety of their products is also available from third-party service providers and organisations such as Intertek, Bureau Veritas, SGS and UL. These consultancies provide assurance, testing, inspection and certification services and are useful sources of information.

In addition, the last decade has seen the emergence of a range of voluntary initiatives concerned with the use of chemicals in the apparel and footwear supply chains, including AFIRM (Apparel & Footwear International RSL Management Group) and ZDHC (Zero Discharge of Hazardous Chemicals). These and other chemical-related initiatives are covered in the chemical safety paper.
Users of sporting goods – both professional and leisure – rely on robust and durable products to participate in their chosen sports. First and foremost, our industry has a moral obligation to its consumers to ensure that these products are safe to use.

There are also compelling business drivers, not least the increase in both legislation and voluntary initiatives and the potential for future regulatory changes.

Moreover, taking a responsible approach to product safety and compliance safeguards companies and the industry against potential legal risks, liabilities and negative business impacts – including consumer action, campaigns, fines and product recalls. It protects the reputation of companies and the industry as a whole, enhancing their ability to maintain consumer confidence.

In an era of increasingly rapid product development and innovation, it is also more important than ever to ensure that safety standards are able to keep pace. This is particularly important given that new innovations can exert a strong influence on the way in which a sport develops.

**CHALLENGES FOR OUR MEMBERS**

Despite these factors, and widespread commitment across the industry to ensuring the safety and reliability of its products, maintaining – and continually improving – these standards is not without its challenges.

Above all, policing ongoing compliance with safety standards by testing products can be costly. While brands need to remain vigilant to ensure that their suppliers are meeting minimum standards, smaller companies in particular – with limited budget and resources – may need to identify the most significant products on which to conduct tests.

The fast pace of innovation in the industry – where new, and increasingly diverse, products are continually under development – also presents a challenge to companies in ensuring that safety standards are able to keep up. This is a particular factor in specialist and competitive sports. Moreover, applying the same high standards to non-core, or promotional, items, or those produced by a licensee, can be challenging but is no less important.

The lack of visibility throughout the supply chain – and in particular the fact that many brands and manufacturers do not have a direct relationship with vendors further up the chain than their direct suppliers – can also create a barrier to progress and make it difficult to obtain information about inputs.

Furthermore, many of our members may not represent a significant enough proportion of sales to elicit the engagement and co-operation of primary producers in audits, and smaller companies in particular may lack both influencing capacity and resource to dedicate to it.

Inconsistency and variation is a further challenge, not least the issue of inconsistent knowledge and capability across the supply chain. Meanwhile, discrepancies and inconsistencies in regulation and enforcement between regions present challenges for companies that operate across multiple markets.
WHAT WE THINK

The industry's top priority is to protect consumers by ensuring that its products meet high standards and are safe and reliable. Compliance with local and international product safety and consumer protection laws is therefore an indisputable imperative and must be carefully managed in line with the WFSGI membership's growing business activities.

To maintain compliance with all relevant laws and standards, and to promote best practice in product safety, it is vital that all our members take responsibility for what lies in their sphere of influence. In particular, manufacturers and brands need to ensure that all their products are manufactured to high quality standards, while retailers have a specific responsibility to sell appropriately, convey accurate information and ensure consumers are adequately informed.

A product safety function within a sporting goods business must ensure that the company is fully aware of relevant laws, standards, norms and policies, and support colleagues in teams such as product management, sourcing and development in complying with all applicable regulations.

We encourage those members that are larger, more advanced, or able to exert more influence, to demonstrate leadership. This could include taking the lead in addressing emerging issues of concern and mentoring less advanced companies, as well as sharing information, analysis and best practice, which would benefit the whole industry and galvanise progress.

We also believe that the issue of product safety is one that demands industry collaboration. This is not an issue on which companies should compete; the challenges are shared and it is to everyone’s benefit for the industry to support each other and work together via the WFSGI and other industry forums.

UNDERSTANDING THE BENEFITS

We believe the benefits to taking a conscientious approach to the topic of product safety are substantial.

Ensuring that the products of our industry are as safe and benign as possible is clearly of paramount importance for consumers’ safety and wellbeing. It also helps to promote fair play – a value that lies at the heart of the practice of sport. And it reduces both the cost and reputational risk faced by companies through enhancing their ability to avoid fines, product recalls and consumer action.

SUPPORTING OUR MEMBERS

As a liaison member of several ISO and CEN committees where product safety standards are discussed, the WFSGI can update members on these committees' agendas and take the industry’s feedback to ISO and CEN.

The WFSGI also operates a dedicated CR helpdesk, which can answer some questions concerning product safety and compliance. However, among our membership we represent companies at every stage in the supply chain, with different challenges, levels of resources and degrees of expertise. For this reason, for specialist topics such as product safety, we believe we can best serve our members through operating as a ‘directory’ to help them obtain appropriate expertise and guidance from relevant specialist organisations, rather than duplicating existing services.

More broadly, the WFSGI also provides a range of valuable information and advisory services to assist its members with their reporting and other CR challenges. These include:

• Ad-hoc support to members through the CR Helpdesk;
• Alerting members on important legal developments and regulatory changes;
• Guidance and direction on CR developments and best practices.

A further benefit of WFSGI membership is the support available from other members. The network offers the scope for smaller forums of member companies to support each other on reporting and other common challenges, and for larger organisations to mentor comparable smaller companies.
The advent of electric bicycles has yielded new opportunities for the bicycle company Accell Group – producer of Raleigh, Lapierre, Koga, Haibike and other brands – by expanding the appeal of cycling to a broader range of consumers. But electric bikes – now a major part of the company’s business – demand a new and exceptionally rigorous approach to safety.

**ADAPTING TO A NEW ERA**

Although the company is well established in the bicycle and bike accessories market, the development of electric bikes (‘e-bikes’) has given rise to a new set of challenges for Accell Group and changed the landscape for the industry as a whole. First and foremost, electrification has significantly increased the complexity of products that were previously simply mechanical. As a result, bicycle companies have had to embrace an entirely new field of products from their traditional product base.

Furthermore, there are technical and safety risks attached to electric products that Accell Group did not previously have to contend with, which in turn necessitate compliance with a broader range of regulations. At the European level, these include the Electromagnetic Compatibility (EMC) Directive – which aims to ensure that electrical and electronic equipment does not generate, and is not affected by, electromagnetic disturbance – and the Machinery Directive.

Greater complexity and increased regulation also has implications for Accell Group’s relationships with its suppliers, as it is all the more essential for Accell Group to be assured that they are meeting appropriate standards in both their manufacturing and their testing, and that safety standards are keeping up with innovation.

**ADDRESSING THE CHALLENGE**

Accell Group responded to the need to focus attention and resources on addressing the challenges of e-bikes by setting up an internal competence centre – the E-Bike Competence Center (EBCC) – the first of its kind at the company. The aim of the centre is to build knowledge, develop and test new products and ensure that the company understands and meets its responsibilities in this area.

Against the backdrop of an increasingly complex range of products, Accell Group also recognised the need to improve the capacity of all their companies and its entire supply chain to conduct appropriate and rigorous safety tests on its products. To this end, the company appointed a technical compliance officer and has dedicated significant resource to investigating how its suppliers conduct their tests and compile their reports, as well as offering additional support and advice where necessary. In addition, Accell Group has stepped up its own in-house testing, in order to verify that suppliers are meeting expected standards.

Conscious that any accident resulting from a safety breach reflects on the whole industry, Accell Group also places a high value on collaboration and external partnerships to ensure that safety and quality standards across the industry are keeping pace with new innovations. The company is represented on various committees aimed at establishing and promoting international standards, including CEN and CENELEC at the European level and ISO and IEC at the global level.

**REAPING THE BENEFITS**

Although prompted initially by the need to address the new challenges presented by e-bikes, this expansion of the company’s focus – and its development of a more external perspective – has yielded a wider range of benefits. Most notably, it has helped Accell Group to take a more proactive approach to a range of other issues, and to improve its capacity to anticipate changes and new developments further in advance.

In addition, an increase in industry-wide discussions on the topic of e-bikes has led to broader dialogue about other innovations in the bicycle industry, as well as greater awareness across the industry of the benefit of taking a collaborative approach to ‘pre-competitive issues’ such as safety.
ONGOING DEVELOPMENTS & NEXT STEPS

In the coming years we expect to see further increases in regulation and minimum quality standards governing the safety of sporting goods and other consumer products.

In an era of more intense stakeholder scrutiny, higher expectations and consumer activism, we also anticipate a rise in both consumer action and financial penalties aimed at companies whose products fail to meet expected standards.

As safety standards continue to tighten, and companies are increasingly held to account for their compliance, we also expect to see the emergence of new service providers offering testing, assurance, tracking and certification services.

SUMMARY AND CONCLUSION

The WFSGI provides a platform for sharing best practices and actively engages members in realising a CR vision grounded in shared values and principles. As an association, WFSGI is both a voice for the industry and a trusted advisor on CR and strategy issues for its members. We believe that members that take up and act on the advice and resources WFSGI offers will be the best positioned to respond and thrive in the face of emerging trends and evolving regulation over the coming years.

We appreciate the challenges of complexity, diversity and evolving context in which our members operate. However, we believe that companies must take seriously their responsibility to meet the highest standards of product safety and compliance – and that industry-wide collaboration is the most effective way to achieve this. As well as discharging a key responsibility and providing assurance to the consumer, taking these steps will – in our judgement – reduce cost and risk and create new opportunities.

As the voice of the industry, we will continue to monitor trends, build our understanding of emerging best practice, and support our members to make progress in this important area.

FURTHER INFORMATION

Consumer Product Safety and Improvement Act

EU General Product Safety Directive

CE Marking
https://ec.europa.eu/growth/single-market/ce-marking_en

WEEE Directive
http://ec.europa.eu/environment/waste/weee/index_en.htm

ISO
http://www.iso.org/iso/home/standards.htm

Oeko-Tex Standard 100
https://www.oeko-tex.com/de/business/business_home/business_home.xhtml

Intertek
http://www.intertek.com

Bureau Veritas
http://www.bureauveritas.com

SGS
http://www.sgs.com

UL
http://www.ul.com
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