



RSL Guidelines

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*How to use the RSL to implement
a chemical substances manage-
ment system*

1. Introduction

Benetton Group has long been committed to the reduction and elimination of chemicals in the production and, consequently, in its marketed products. Within this project, Benetton Group is also committed to eliminating the 11 groups of hazardous chemicals included in the Detox protocol. Since the hazardous products are used throughout the supply chain, the defined goals can only be achieved by engaging the Suppliers.

Benetton Group is a company committed to the promotion and protection of human rights and the environment. The company applies the Benetton Group Code of Conduct, based on respect for human rights and protection of the environment, to all its Suppliers and Sub-suppliers, as well as to all its business partners.

For the reduction and elimination of chemicals within the production to be carried out adequately, the manufacturing processes are to be adjusted and a preemptive and systemic approach towards the related risks is to be set. This requires the traceability of internal and external processing cycles and a transparency improvement.

The goal of Benetton Group is to create a "clean supply chain", leading its Suppliers and Sub-suppliers towards a system that, throughout the production, can guarantee: contamination reduction and elimination, performance monitoring, and evidence of corporate social responsibility and reputation improvement.

2. Purpose and Scope: Suppliers and Sub-suppliers

The purpose of this document is to define how to engage the Benetton Group supply chain in the project implementation and how to support the direct Suppliers and their Sub-suppliers in the realization of a successful chemical substances management system, aiming at the reduction and elimination of hazardous chemicals in the production.

The best practices included in this document are divided in two sections, one intended for the Suppliers, defined as all Benetton Group direct Suppliers; and one intended for the Sub-suppliers, defined as all companies to which the Suppliers refer for their production.

3. Terms and definitions

Chemical Substances Management System (CSMS) – A set of documents and operating rules including policies, objectives, procedures, operating instructions and registration forms set forth by the organization, aiming at managing the reduction and elimination of chemicals used in its supply chain.

Chemical Substances Management System Manager – Manager responsible for the CSMS and appointed by the company Top Management.

Chemical Substance (or substance) – Well-defined and consistent homogeneous system, characterized by specific physical and chemical properties.

Inventory of Chemical Substances (Chemical Inventory) – List of chemical substances present in the warehouse and used by an organization on a precise date.

Restricted Substances List (RSL) – List of chemical substances subject to a usage ban or restriction during the manufacturing process.

Specifications – List of requirements and specifications defining a supply.

Binding law – Inviolable and mandatory law and regulation to be applied.

Voluntary law – Standard to which an organization decides to comply to achieve its own objectives.

Indicator – Number or ratio defining the size of a variable.

"Qualification" process – Process aimed at identifying if a subject (Supplier) or product (substance) meets predefined requirements.

Supplier – Company that upon payment provides raw materials and chemical products, manufacturing, finished products, services.

Non-compliance – Not meeting a requirement.

Corrective Action – Action carried out to remove a Non-compliance.

Raw Material – An ingoing material in a manufacturing process.

Test – Laboratory analysis to check for specific requirements, including the product composition or the presence of specific substances.

Mapping – Detection and description of elements, facts or events related to a defined area.

Supply Chain – Network of supplies or industries.

Traceability – The possibility to identify the different preparation and marketing steps of a product, starting from its raw materials.

Audit – The process of checking whether an organization meets the predefined requirements.

ACRONYMS:

CSMS – Chemical Substances Management System

PRSL – Product Restricted Substances List

MRS� – Manufacturing Restricted Substances List

RSL – Restricted Substances List

ZDHC – Zero Discharge of Hazardous Chemicals

SDS – Safety Data Sheet

4. Supply Chain

The crucial principle upon which the supply relationship with Benetton is based is transparency. It is of paramount importance that the productive processes are carried out by a trusted supply chain. Benetton has to be aware of both the manufacturing processes and the origin of the materials and components used by the supply chain. All the orders placed are assigned to the Suppliers that comply with the requirements set forth in the latest release of the “Benetton Restricted Substances List” (hereafter referred to as RSL) document, available on the Web site at

<http://www.benettongroup.com/sustainability/detox/restricted-substances-list/>

The production chain is therefore required to sign a commitment to subscribe to it.

5. RSL: The Requirements

The RSL is the reference document for the reduction and elimination of chemical substances in the processes and supplies to Benetton Group. It sets out the minimum requirements related to the product safety for the end consumer, including the chemical and ecotoxicological parameters for the products purchased by Benetton Group. In brief, the document includes:

- The Product RSL, with the list of groups and the specific substances considered hazardous. For each substance, the document indicates the tolerated limits on the finished product, according to their class and their possible intended use as well as the test methods allowed for their laboratory analysis.
- The Manufacturing RSL, with the list of groups and the specific substances considered hazardous. For each substance, the document indicates the tolerated limits on the manufacturing process, taking into consideration its detection in water and mud, as well as the test methods allowed for their laboratory analysis.

All Benetton Group Suppliers are preemptively committed to understanding and applying the document, preparing all the necessary procedures and early checks.

The activities carried out by Benetton Group to achieve the defined objectives for its marketed products are intended to minimize any risks for the end consumer and the environment, related to the presence of hazardous chemical substances. To this end, the list is to be considered extremely dynamic, as it is related to the technical-scientific knowledge available at a specific moment in time.

It is important to remember that meeting the requirements set forth by the binding law, such as the REACH, is not enough to comply with the limits, but an additional voluntary effort is needed to organize and commit to the gradual elimination.

6. Suppliers - Organizational Requirements and RSL Implementation Methods

Benetton Group set out the following organizational requirements, including management best practices, requiring the direct Suppliers to have a management system to implement the RSL. Each Supplier can choose the implementation methods and tools that best suit its needs.

For a correct system management, the Supplier must ensure the **complete traceability of its manufacturing process**, from the purchase of the raw material to the delivery of the finished product. For all intermediate operations, the Supplier must be aware of the third parties dealing with the manufacturing process and it must prove that the chemical hazard is monitored, both if the processes are performed internally and externally. To this end, the Supplier must prepare the records and keep them up-to-date to demonstrate that the system is properly managed.

6.1. Operating Processes

The organization has to determine a criterion for the analysis of the operating processes and define their relative risk level, aiming at complying with the specifications of the Benetton Group RSL. The level of detail of the analysis of the operating process has to be adjusted according to the Supplier's size and complexity.

6.2. Organizational Responsibilities

The overall and ultimate responsibility for the chemical substances management system adequateness and correct functioning lies with the Management, which is in charge of defining its orientation and allocating the available resources, even if the system is not managed directly.

The responsibility for its concrete functioning, including making decisions on staff selection and involvement and evaluating internal activities, should be assigned to a specific job role within the company. To ensure efficiency, the employee appointed for this job needs to be familiar with the manufacturing processes and have an appropriate authority and management independence. For instance, the job role could be identified as **Chemical Substances Management System Manager or Chemical Manager**.

The Management and/or the System Manager consequently identify and appoint other management positions, covering the different business roles required by the system itself.

6.3. Staff Training

The designated CSMS Manager must also act as the internal promoter of the Benetton Group compliance project and is therefore in charge of preparing and/or providing the necessary training for the entire staff. In this role, the Manager has to raise awareness on the importance of managing a chemical substances reduction and elimination system and ensure that the practices and procedures established internally are correctly applied. The Manager is therefore in charge of planning and monitoring the training process.

6.4 Suppliers Management

As established by the general principles, knowing the supply chain is an essential prerequisite. To this end, each direct Supplier, on its turn, has to create a correct mapping of its own Suppliers, defining criteria and methods to involve them in the process. They also have to define the operational methods and the documents in which the commitments and duties undertaken are officially stated. This ensures that the whole supply chain is informed and involved in the reduction and elimination process.

6.5 Risk Identification and Analysis

Each direct Supplier is in charge of defining the criteria for the analysis of internal and external processes and for its actual realization, aiming at identifying the risk level related to the chemical products used, their dangerousness and the quantity used.

The risk level should be preemptively assessed according to the following priority order:

- possible use of chemical products in the transformation processes;
- quantity and dangerousness of the chemical products used;
- quantity of product used.

The process management methods and the assessment tools must reflect the relative risk level.

Particularly, according to the risk level they are assigned with, the Benetton Group direct Suppliers must define methods and criteria for the external Suppliers qualification and select the appropriate monitoring tools for their performance assessment.

Any qualification criteria must abide by the Benetton Group RSL.

6.6 Raw Materials Warehouse Management

The direct Suppliers must carry out the necessary checks and ensure that the supplied products fully comply with the specifications defined at the purchasing phase, as far as the chemical hazard management is concerned.

All supplied materials must be properly labeled as to comply with the traceability rule. The Supplier must also define the repackaging and relabeling criteria, aiming at avoiding the loss of information needed for the identification during the order planning and collection phases.

6.7 Purchases Management

For the traceability requirement to be met, the Benetton Group Suppliers must ensure an adequate level of purchase order control.

The direct Suppliers must ensure that the system only assigns the purchase orders to the third parties that successfully completed the qualification process according to the defined criteria.

Furthermore, the purchase orders must be in written form and include not only the purchase data, but also a clause confirming the compliance to the commitments undertaken.

6.8 Order Processing

All orders received by Benetton Group, whether they are carried out internally or by third parties, must be processed as to ensure the traceability of the materials used and of the processing cycles activated to realize them. For Benetton Group, the possibility of checking the progression status of its orders at any time is extremely important.

6.9 Traceability and Registration

The Benetton Group direct Suppliers must define their internal registrations to meet the traceability requirement and demonstrate their ability to reasonably collect the above mentioned data on components, manufacturing processes and timing.

6.10 Check Planning

According to the risk level identified on the basis of the rules set forth in paragraph 6.5 above, the Benetton Group direct Suppliers must define the monitoring activities for the processes linked to the order completion. Particularly, criteria and methods are to be defined, also through laboratory analysis and activities carried out to directly engage the Suppliers, aiming at:

- checking the chemical compliance of the materials and products purchased;
- checking if the third parties that carry out possible hazardous activities meet the proper organizational requirements to ensure the compliance with the Benetton Group RSL;
- ensuring the finished product compliance with the latest version of the Product RSL.

6.11 Finished Products Warehouse Management

As part of the purchase orders received, the finished products intended for Benetton Group must be properly identified and include the relative purchase order number (PO).

Should any batches show anomalies with respect to the Product RSL requirements, they must be properly and separately stocked and identified to avoid the shipping of non-compliant products.

6.12 Client Order Management and Goods Shipping

The orders placed by Benetton Group are to be properly identified and codified following the internal procedures, ensuring they can be matched with the manufacturing orders received to properly complete them.

In any case, the order numbers received by Benetton Group must be referenced in the documents included in their shipping.

7. Sub-suppliers (Production Plants) - RSL Implementation Methods

7.1 Operating Processes

The Sub-supplier's organization has to determine a criterion for the analysis of the operating processes and define their relative risk level, aiming at meeting the compliance objectives of the Benetton Group RSL. The level of detail of the analysis of the operating process has to be adjusted according to the Sub-supplier's size and complexity.

7.2 Organizational Responsibilities

The overall and ultimate responsibility for the chemical substances management system adequateness and correct functioning lies with the Management, which is in charge of defining its orientation and allocating the available resources, even if the system is not managed directly.

The responsibility for its concrete functioning, including making decisions on staff selection and involvement and evaluating internal activities, should be assigned to a specific job role within the company. To ensure efficiency, the employee appointed for this job needs to be familiar with the manufacturing processes and have an appropriate authority and management independence. For instance, the job role could be identified as **Chemical Substances Management System Manager or Chemical Manager**.

The Management and/or the System Manager consequently identify and appoint other management positions, covering the different business roles required by the system itself.

7.3 Staff Training

The designated CSMS Manager must also act as the internal promoter of the Benetton Group compliance project and is therefore in charge of preparing and/or providing the necessary training for the entire staff. In this role, the Manager has to raise awareness on the importance of managing a chemical substances reduction and elimination system and ensure that the practices and procedures established internally are correctly applied. The Manager is therefore in charge of planning and monitoring the training process.

7.4 Raw Materials Warehouse Management

The raw materials to be processed, received by the Benetton Group direct Supplier, must be properly stocked to ensure their preservation. They must be properly identified, for them to be uniquely associated with the matching manufacturing processes and the relative order.

If the finished product can include raw materials purchased autonomously, the direct Supplier is responsible for providing the adequate tools and ensuring the compliance with the RSL specifications.

7.5 Chemical Products Inventory Management

For the manufacturing processes including the use of chemical products, a list of chemical products used must be prepared and kept up-to-date. Furthermore, the chemical products must be qualified before they are introduced in the processing cycles. The chemical products inventory must be constantly updated, including the information needed to properly manage the chemical hazard. Each managed chemical product must have its own updated Technical Sheet and Safety Data Sheet.

The chemical products inventory should at least include the following content:

- Product commercial name;
- Manufacturer and/or distributor;
- Type of product (main use);
- Quantity used per year;
- Risk assessment criteria: see next paragraph.

7.6 Risk Identification and Analysis

The chemical product qualification process must include the assessment of the manufacturer's level of compliance with the latest version of Benetton Group RSL. The qualification process must include the producer's commitment to abide by the RSL, highlighting possible quantities of substances to be limited in the formulations and, if known, possible contaminations. The indications received are to be taken into consideration to define the supply risk on the basis of the producer's reliability and the identified risk level of the hazardous substances.

The risk level should be preemptively assessed according to the following criteria:

- Elimination priority of the chemical substance; one of the possible criteria to be used is based on the research that Benetton Group developed thanks to the cooperation with the Department of Environmental Science, Informatics and Statistics of Ca' Foscari University in Venice, which is available at the following link:
<http://www.benettongroup.com/sustainability/detox/case-studies-and-research/>
- Level of compliance with the limits defined in the RSL;
- Quantity (volume) of chemical product used.

According to the identified risk level, the Sub-supplier is required to schedule the replacement of the detected hazardous products, since they do not respect the RSL limits.

If the qualification process identifies possible replacement issues, considering the available technological solutions, the Sub-suppliers have to provide for an adequate documentation, showing the activities carried out in the search for innovation.

7.7 Chemical Products Storage, Management and Handling

The chemical products must be stored in the warehouse, made available where necessary and handled as to meet the security conditions defined in the relative safety data sheet (SDS) and in compliance with the internal procedures established according to the chemical hazard assessment.

All chemical products must be identified by the original labels affixed by the manufacturer and/or distributor. If non-original containers are to be used, the relabeling process has to ensure that the information needed for their identification and correct use are preserved, including the traceability of the batch number assigned by the manufacturer and/or distributor.

7.8 Production Management

The client orders processing must be organized to ensure the traceability of the cycles performed, the machinery used and, above all, the chemical products used, including the relative batch number.

7.9 Check Planning

The Benetton Group Sub-suppliers must define the monitoring activities for the processes associated to the completion of orders received by the direct Suppliers. Particularly, they must establish the sampling plans of the chemical products purchased, taking into consideration the risks defined on the basis of the rules set forth in paragraph 7.6 above, aiming at:

- ensuring the chemical compliance of the qualified chemical products; the sampling plan are usually selected taking into consideration the processes, structure and size of the facility, even choosing the most suitable as long as reliable.
- determining the Suppliers' reliability.

7.10 Traceability and Registrations

The Benetton Group Sub-suppliers must define their internal registrations to meet the traceability requirement and demonstrate their ability to reasonably collect the above mentioned data on components, manufacturing processes and timing.

7.11 Client Order Management and Goods Shipping

The direct Suppliers must properly manage the orders placed by Benetton Group to ensure they can be matched with the related internal manufacturing orders and completed.

In any case, the order numbers received by the Benetton Group direct Suppliers must be referenced in the documents included in their shipping.

7.12 Sewage Management

All third parties involved in the Benetton Group supply chain are required to meet all applicable requirements on the sewage checks management and preemptive authorization. Where not provided for by the applicable law, they are required to carry out an additional monitoring program designed to analyze ingoing and ongoing water to check for the requirements included in the Manufacturing RSL.

8. Third-party Laboratories

If a test requires samples to be sent to a third-party laboratory, a preemptive evaluation of the laboratory is to be carried out. The laboratory must be accredited under ISO 17025 to carry out tests and issue reports, in compliance with the test methods set out in the Benetton Group RSL.

9. Benetton Group References

These Guidelines refer to the updated version of the "Benetton Restricted Substances List" document and in particular to the "Product RSL" and "Manufacturing RSL" sections.

For any information or comments, the Supplier can contact the Product Safety and Environmental/Detox Department at email: detox@benetton.it