AFSL GENERAL MEMBERSHIP MEETING Scottsdale, AZ September 18, 2013



I. Introduction

- Mr. Michael Collar, President

II. Election of Directors

- Mr. John Rogers, Executive Director

III. Financial Report

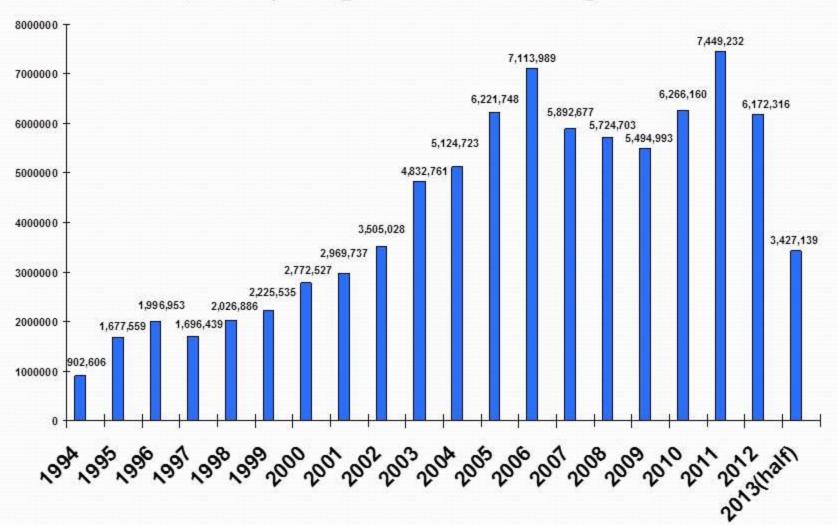
- Mr. Tad Trout, Treasurer

IV. Report on Consumer Fireworks Testing Program

- Mr. John Rogers, Executive Director

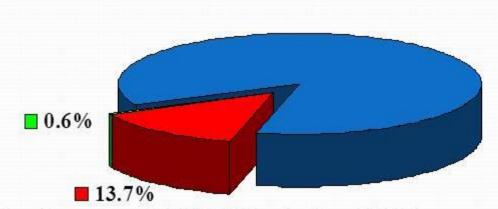
A. Summary of Test Results

CASES TESTED BY YEAR 1994-2013 Quality Improvement Program



REGULAR, ASSORTMENT, AND COMPONENT Jan. to Jun. Year 2013





85.7%

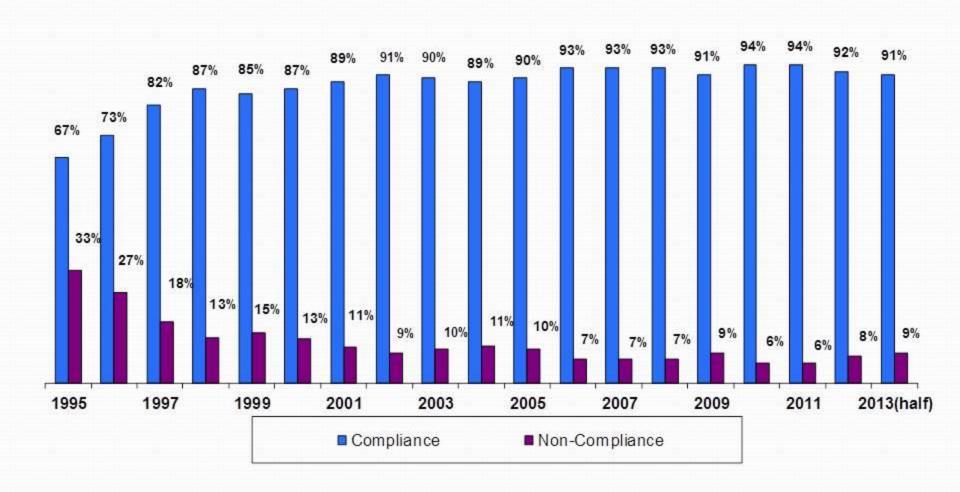
Cases tested for Regular Program: 2,937,714(including 41894

cases in Thailand)

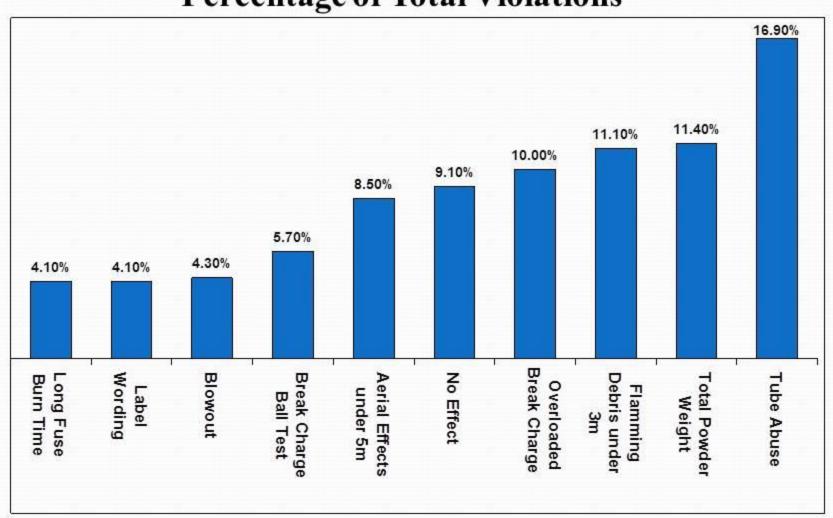
Cases tested for Assortment Program: 469,174
Cases tested for Component Program: 20,251

Total Cases: 3,427,139

QIP COMPLIANCE PERCENTAGE BY YEAR



TOP 10 VIOLATIONS JAN. TO JUN. YEAR 2013 Percentage of Total Violations

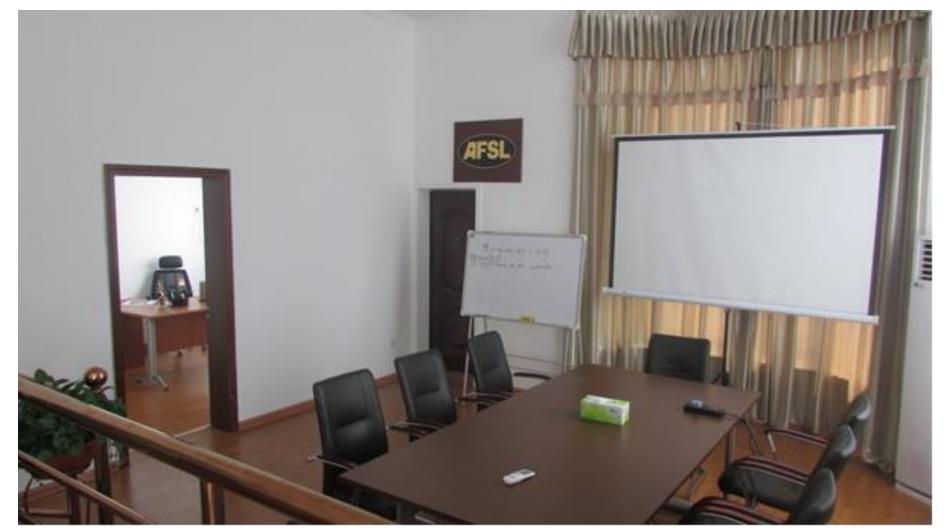


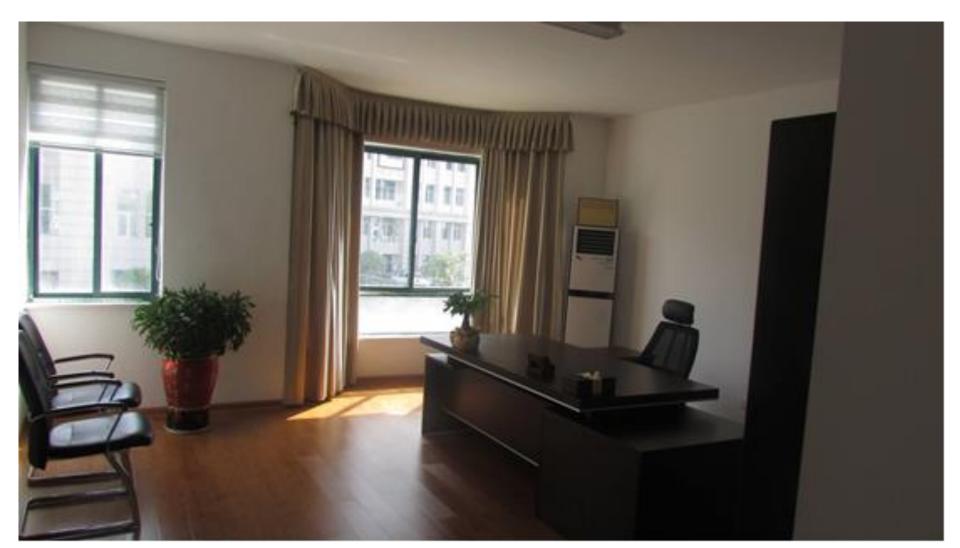
AFSL Operations Office in Liuyang





- Location: Behind the Liuyang Commercial Chamber Building, close to Liuyang government offices.
- > Size: 2/3 of a twin house, total 246 M² (2400 sq. ft.)
- Cost: RMB 6,000/Month (US\$980/Mo.) US\$8,700 on furnishings/equipment to date.
- Term: 5 year lease. Paid first 10 months rent at lease signing to cover build-out.
- > Opened on July 1, 2013; 14 shippers and 5 factories visited the office in July.





B. New Standards Approved by the Board

REQUIREMENTS FOR MULTIPLE TUBE FOUNTAINS TO ADDRESS RESIDUAL BURN

2-1.8 Multiple Tube Fountains, including tubes and internal construction material, must not continue to burn or re-ignite after functioning.

Effective date: October 1, 2011

TEST PROCEDURE FOR RESIDUAL BURNING (MULTIPLE TUBE FOUNTAINS)

➤ Sample Conditioning: The Samples used for this test will be the same items selected for Performance Testing. Place the samples in a warm, dry room at the temperature of 100-120° F for 24 hours.*

Conduct performance tests in accordance with normal procedures.

*NOTE: The sample conditioning procedure is waived until Centralized Testing is re-established.

TEST PROCEDURE FOR RESIDUAL BURNING (MULTIPLE TUBE FOUNTAINS)

> Test Procedure:

Following functioning of the devices in the performance test, allow the items to sit for 1 hour.

If ignition of the tubes or other internal components occurs during the one-hour observation period, record that device as a Failure.

TEST PROCEDURE FOR RESIDUAL BURNING (MULTIPLE TUBE FOUNTAINS)

► Test Procedure (continued):

After the one-hour period, use the Thermal Detector (positioned 11 inches from the top of the device), scan the entire inside area of the device, and record the maximum internal temperature that can be detected in each of the devices.

If the maximum internal temperature remains above 250° F (121° C), record that device as a Failure.



ADDITIONAL WARNING LABEL FOR MULTIPLE TUBE FOUNTAINS TO ADDRESS RESIDUAL BURN

- Added additional warning label for Multiple-tube Fountains:
- 4-2.13 Multiple-tube Fountains subject to this Standard must bear a warning label which reads: "May re-ignite. Soak with water after use."

CAUTION
MAY RE-IGNITE. SOAK WITH
WATER AFTER USE.

ADDITIONAL WARNING LABEL FOR MULTIPLE TUBE FOUNTAINS TO ADDRESS RESIDUAL BURN

NOTE: The label must be placed on the top surface of the device next to the fuse, where feasible. Where not feasible, the label must be placed on the flat surface closest to the fuse. The label must be consistent with AFSL labeling requirements in Appendix B.

Effective Date: July 1, 2014

REQUIREMENTS FOR COVERED FUSES

- NFPA 1124, Code for the Manufacture, Transportation, Storage, and Retail Sales of Fireworks, requires that only consumer fireworks that comply with the requirement for covered fuses in PYR 1129 ... may be sold in retail stores.
- > NFPA PYR 1129 specifies the test method for covered fuses.

AFSL REQUIREMENT FOR COVERED FUSES

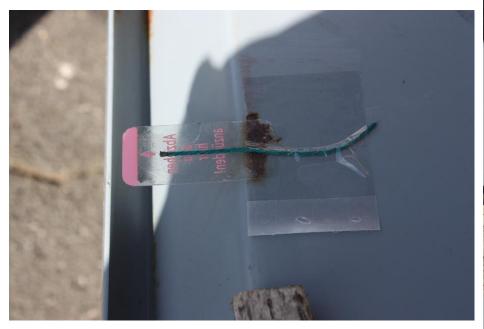
➤ "Fireworks devices subject to this Standard must have covered fuses that successfully resist ignition from open flames, hot surfaces and incendiary sparks when tested in accordance with test procedures found in NFPA1129 -2013 Edition and any additional requirements specified by AFSL".

> Effective Date: August 1, 2015

THREE TEST METHODS

- The Open Flame test conducted with a butane lighter which requires that the fuse cover resist ignition for 5 seconds;
- The Hot Surface test, which is performed by holding a lighted cigarette on the fuse cover for 5 seconds; and

The Spark Test conducted by aiming a sparkproducing device (fountain) at the fuse cover from a distance of 24 inches for 30 seconds.





Covered Fuse Test.mpg



REQUIREMENTS FOR FUSELESS FIRECRACKERS (ADULT SNAPPERS)

- Fuseless Firecrackers will not be tested under AFSL standard for Snappers.
- DOT will not issue EX number for Fuseless Firecrackers under the APA 87-1 standard.
- AFSL Board Approved Standards Committee's decision <u>not</u> to develop a standard for fuseless firecrackers due to safety concerns.











SAFETY CONCERNS

- ➤ Potential for injury to consumers (particularly children).
- ➤ Potential for manufacturers to increase composition to 50 mg., with increased injury potential.
- ➤DOT will not issue EX numbers under 87-1 due to transportation concerns. EX Numbers may be obtained through laboratory testing procedure.

OPTIONS FOR AFSL MEMBERS

- ➤ Members may import Fuseless Firecrackers (Adult Snappers) without AFSL Testing/Certification.
- > Still must meet CPSC requirements for filing. Certificates of Compliance (use of other approved labs for testing).
- ➤ Devices must comply with firecracker composition limit of 50 mg. and prohibited chemicals list.
- Warning Labels must meet firecracker labeling requirement:
 "WARNING: EXPLOSIVE."
- > A valid EX number must be obtained for transportation.

Break

V. Summary of CPSC/DOT Activities

- Mr. John Rogers, Executive Director

PHMSA FINAL RULE ON EX NUMBER APPROVALS ALTERNATIVE

- ➤ On August 30, 2012, PHMSA issued a Notice of Proposed Rulemaking to establish an alternative to current EX Numbers approval process.
- For 1.4G fireworks only, an alternative was proposed for applicants submit applications for EX numbers to a Fireworks Certification Agency (FCA) instead of PHMSA.

> AFSL, APA, NFA and 35 other companies submitted comments to PHMSA.

PHMSA's FINAL RULE ON EX NUMBER APPROVALS ALTERNATIVE

>PHMSA's Final Rule issued July 16, 2013 allows FCA's to issue Approvals for 1.4G consumer fireworks.

Approvals issued by a FCA's will received a FC (fireworks certification) number rather than an EX number.

Effective Date: August 15, 2013.

SUMMARIES OF PHMSA FINAL RULE ON EX NUMBER APPROVALS ALTERNATIVE

>APA Standard 87-1 (2001 current Edition):

At present, PHMSA is only following the current (2001 edition) of APA Standard 87-1 for EX Approvals. When the revised APA Standard 87-1 is finalized and published by APA, PHMSA will consider adopting the revised 87-1.

WHO CAN BECOME AN APPROVED FCA?

- Any organization or person seeking to become an approved fireworks certification agency must apply in writing to PHMSA.
- AFSL/SGS will apply to become a recognized FCA.
- Application may be submitted starting August 15, 2013.
- Approval of application by PHMSA is expected to take several months.

VI. Report from SGS on China Operations

- Mr. Joe Romeo, Global Key Account Manager, SGS

UPDATE ON CTS

- AFSL started testing at the CTS in the Liuyang area in September 2012.
- Operations have temporarily been suspended as of April 2013.
- We are working diligently to open CTS' in all regions within China including the Liuyang area.
- Our plan is to convert to CTS' in all regions at the same time.
- Our expectation is to have the CTS' operating by the 2nd half of 2014.

INTERIM OPERATIONAL PLAN

- Temporarily we are testing again at individual factory locations.
- AFSL/SGS Technician Teams are dispatched to sample, test, and certify passing lots on-site.

VII. Review of Internal Audit Program

- John Rogers/Jerry Wingard

AFSL INTERNAL AUDITING PROGRAM

INTERNAL AUDIT PROGRAM

- >PURPOSE:
 - A. Monitor Integrity of Certification Process in China.

- Application of AFSL Stickers
- > Authenticity of AFSL Stickers
- > AFSL Lot Identification Stamps
- Integrity of Shipping Cartons

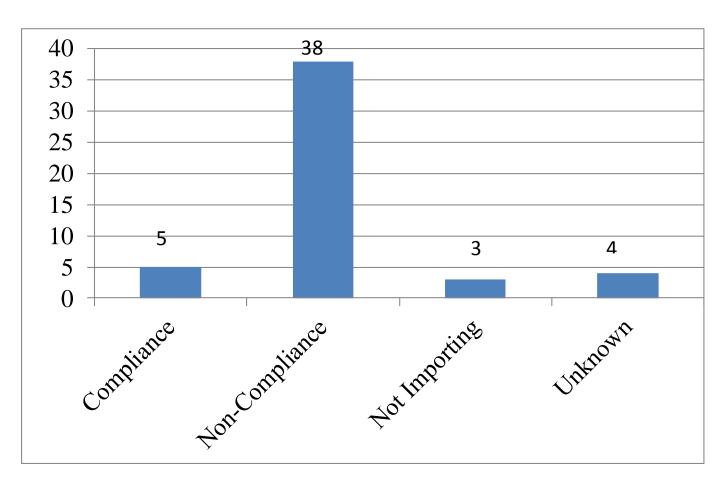
➤ B. Assist Importers in Correcting Deficiencies in Program

- > Familiarity with Requirements of Program
- > How to Address untested Lots
- Assuring Compliance with CPSC Certification Requirements.

- C. Enhance the Integrity of the AFSL Program
 - Demonstrate that Program is Adequately Monitored
 - Improve the Credibility of the Program for Regulatory Authorities (DOT and CPSC)

SUMMARY OF AUDITS

• 50 companies have been audited. The chart below shows the results:



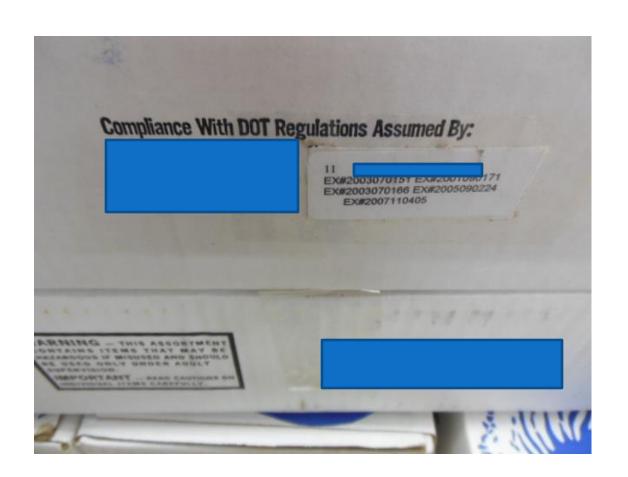
OTHER LABS TESTED AFSL-REJECTED LOTS



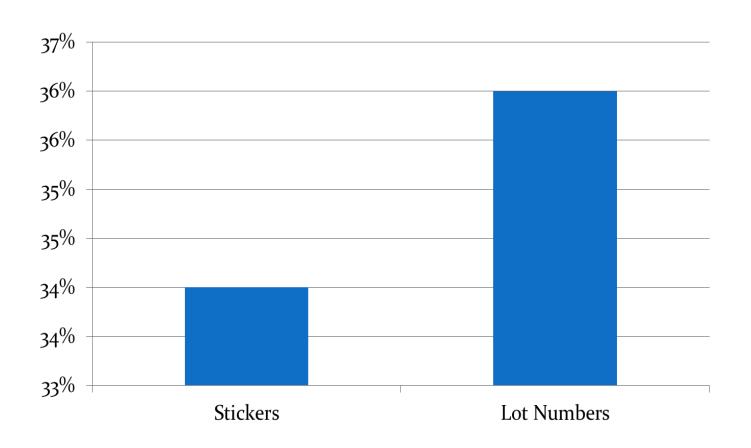
PRODUCTS TESTED BY OTHER LABORATORIES



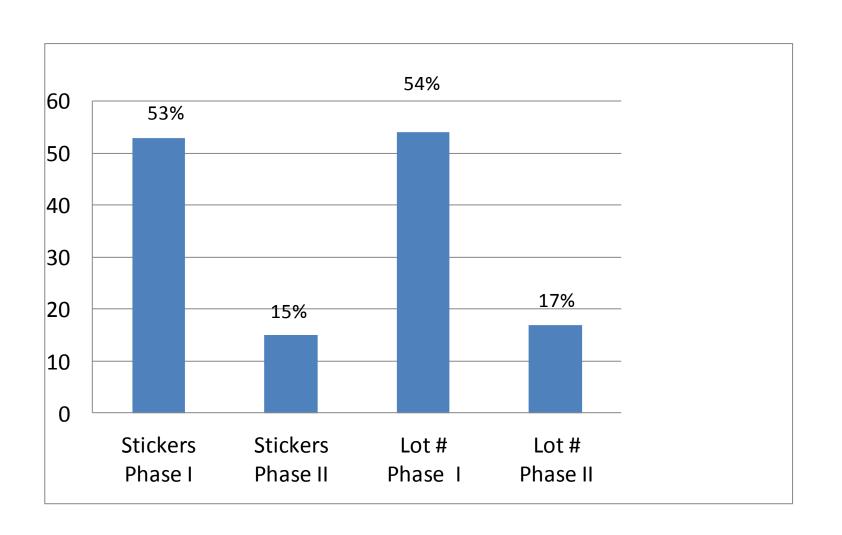
DOMESTICALLY ASSEMBLED ITEMS NOT TESTED



AFSL CERTIFICATION ISSUES



CERTIFICATION PROCESS SUMMARY



STICKER ISSUES



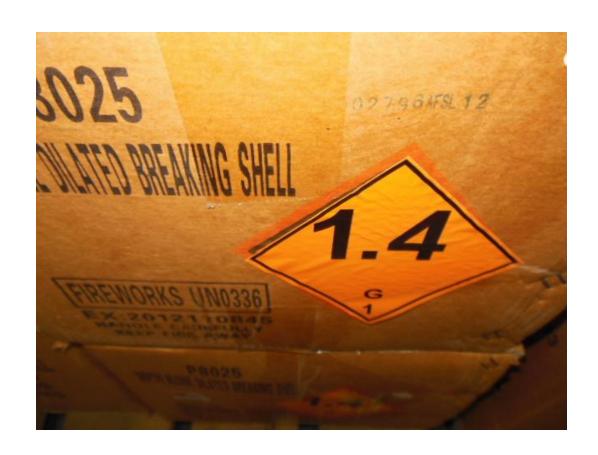


STICKER ISSUES





LOT ID ISSUES



OTHER ISSUES OBSERVED - DAMAGED SHIPPING CARTONS

• Nearly all companies audited had damaged shipping cartons in recently received merchandise. Typically, the items involved were products with plastic spikes attached or items that are packaged with empty space inside the carton (stick rockets, cone fountains, etc.).

DAMAGED BOXES





VIII. Report on Display Fireworks Testing Program

- Mr. John Rogers, Executive Director

A. Program Overview

DISPLAY FIREWORKS PROGRAM REVIEW

Three components:

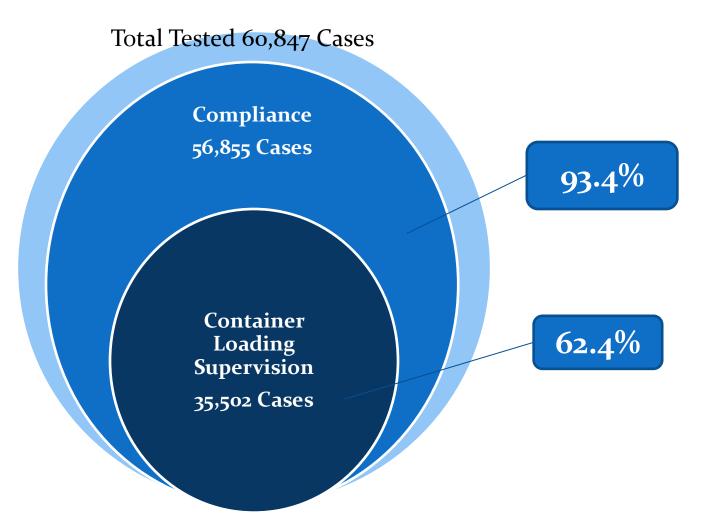
- Annual factory audits
- On-site product evaluations
- Container loading supervision

PARTICIPATING IMPORTERS

More than 50% of U.S. Market

- 1 Alonzo Fireworks Display, Inc. Mechanicville, NY
- 2 Ammo Hut Productions, Inc., Claremore, OK
- 3 Arthur Rozzi Pyrotechnics, Inc., Maineville, OH
- 4 Atlas Advanced Pyrotechnics, Inc., Jaffrey, NH
- 5 Atlas Enterprises, Inc., Fort Worth, TX
- 6 Central States Fireworks, Inc., Athens, IL
- 7 Fireworks by Grucci, Brookhaven, NY
- 8 J&M Displays, Inc., Yarmouth, IA
- 9 Kellner's Fireworks Inc., Harrisville, PA
- 10 Lew's Fireworks, Inc., Watertown, SD
- 11 Melrose Pyrotechnics, Inc., Kingsbury, IN
- 12 Pyro Shows, Inc., La Follette, TN
- 13 Pyro Spectaculars, Inc., Rialto, CA
- 14 Pyrotecnico, New Castle, PA
- 15 RES Specialty Pyrotechnics, Belie Plaine, MN
- 16 Western Enterprises, Inc., Carrier, OK
- 17 Wolverine Fireworks Display, Inc., Kawkawlin, MI
- 18 Zambelli Fireworks, New Castle, PA

DISPLAY FIREWORKS TEST SUMMARY January – June, 2013



Lack of Fuse Protection



Rising Effects Not Protected



 No Inner Packaging To Prevent Items From Contacting Outer Packaging.



Incorrect Carton Layers
 Gross weight ≥ 20 kg but 5 layers only.



No Drop Test Documentation

Required by Product Category.

No Thermal Stability Test Documentation.

Required by Composition Formula

B. Modifications to Display Fireworks Standards

SHIPPING CARTON MARKINGS

- Revise section 3-2.2.4 to read:
- "Each shipping carton must be marked with the correct UN Number and shipping name. The identification number marking preceded by the "UN" must be marked in characters at least 12 mm (0.47 inches) high."

SHIPPING CARTON MARKINGS

- Revise Section 3-2.2.5 as follows:
- 3-2.2.5 Each carton of Display Fireworks must have an <u>orange</u> (For Orange--Use PANTONE® 151 U), <u>diamond-shaped label</u> (approx. 4"x4") pasted or printed on the box and read 1.1G, 1.3G, 1.4G, or 1.4S. The use of the word *Explosive* on the label is optional.

CORRECT PANTONE 151U ORANGE COLOR



WEBSITE FOR CORRECT PANTONE 151U COLOR

www.pantone.com/pages/pantone/colorfinder.aspx

The compatibility group letter "G" or "S" must be the same size as the division number and must be shown as a capitalized Roman letter. For the EXPLOSIVE 1.3 labels, the compatibility group letter must be shown as a capitalized Roman letter. Division numbers must measure at least 30 mm (1.2 inches) in height and at least 5 mm (0.2 inches) in width.

The label must be located on the same surface of the package as, and near, the proper shipping name marking.



SHIPPING CARTON MANUFACTURING SPECIFICATIONS

- Add new section 3-2.4.3.
- 3-2.4.3 Shipping cartons containing Multi Shot Aerial Devices (Cakes) manufactured with all tubes in a vertical configuration and weighing 20kg (44 lbs.) or over may be manufactured from a minimum of five (5) layers of cardboard material provided that the gross weight of the product does not exceed 35kg (77 lbs.).

ALL TUBES MUST BE VERTICAL



REQUIREMENTS FOR THERMAL STABILITY

Revise Section 3-3.2.2 as follows:

•3-3.2.2 Each composition for a All Display Fireworks device subject to this Standard must be tested to determine Thermal Stability, in accordance with procedures specified in **Appendix D** of this Standard.

PRODUCT LABELING AND MARKINGS

• Revised Section 3-4.2.2 as follows:

3-4.2.2 All Display Fireworks devices must bear a warning label that includes at a minimum the statement "WARNING: DANGEROUS EXPLOSIVE. IF FOUND, DO NOT HANDLE. CONTACT LOCAL FIRE OR POLICE DEPARTMENT. FOR PROFESSIONAL USE ONLY".

PRODUCT LABELING AND MARKINGS

• The warning statement must be printed in letters 3.2mm (1/8 in.) in height that are capitalized, underlined, printed on a contrasting background inside a borderline, and placed on a label that is 5810mm² (9 inches²), unless the size of the device is too small to bear such label, in which case the label may be reduced to a size that will fit onto the device, in accordance with the following specifications:

| | LABEL | SIZE |
|---|---------------------|----------------------|
| DEVICE TYPE | 9 inch ² | <9 inch ² |
| Shell and Mine Devices | | |
| ≤5" | | X |
| ≥6'' | X | |
| Multi Shot Aerial Device (where the top panel of the device is ≥9 inch²) | X | |
| Multi Shot Aerial Device (where the top panel of the device is <9 inch ²) | | X |
| Roman Candle | | X |
| Comets | | X |
| Fountains | | X |
| Strobe (Pots) | | X |
| Waterfalls | | X 101 |

• Sample of Warning Label:

WARNING: DANGEROUS EXPLOSIVE IF FOUND, DO NOT HANDLE - CONTACT LOCAL FIRE OR POLICE DEPARTMENT FOR PROFESSIONAL USE ONLY

PRODUCT DESCRIPTION LABEL

- Label must include:
 - 3-4.3.1 The size of the device [e.g., "3 in."].
 - 3-4.3.2 The Category of the device [e.g., Mine, Comet, etc.], as specified in Section 1-1.1.3.
 - 3-4.3.3 A description of the device [e.g., "red peony"].
 - 3-4.3.3 The name and location of the manufacturer (City and Country).
 - 3-4.3.4 Date and shift code of manufacture.

IX. Election Results

X. Closing Remarks

- Mr. Michael Collar, President

WWW. AFSL.ORG

THANK YOU!

