AFSL Consumer and Display Fireworks Seminar

Kingsport, TN September 8, 2015



AGENDA FOR MEETING

- I. Introduction John Rogers, Executive Director
- II. Update on CPSC Quin Dodd, AFSL General Counsel
- III. Consumer Fireworks Mid-Year Program Summary
 - John Rogers, Exec. Director
- IV. Introduction of New Test Lab Chuck Rogers, BV
- V. Domestic Audit Program Jerry Wingard, Auditor
- VI. Election of Directors

BREAK

- VII. New Standards/Program Changes John Rogers
- VIII. Charging for Failed Lots John Rogers
- IX. Update of Display Fireworks Program John Rogers
- X. Questions/Answers

I. Introduction

- John Rogers, Executive Director

II. Update on CPSC

- Quin D. Dodd

III. Consumer Fireworks Mid-year Program Summary

- John Rogers, Executive Director

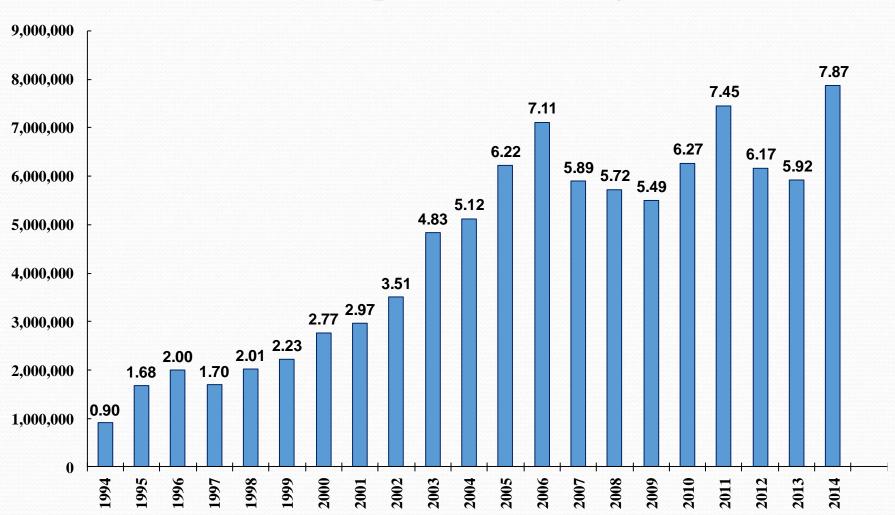


Over

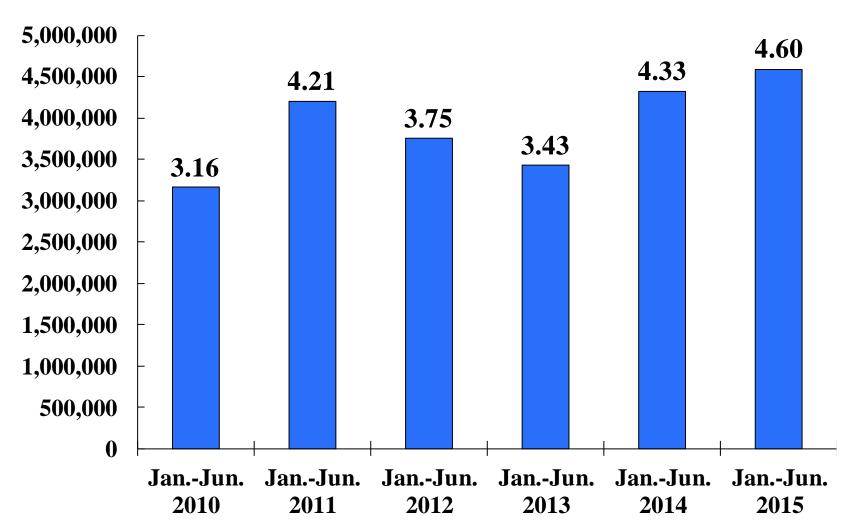
7.8 Million

CASES TESTED

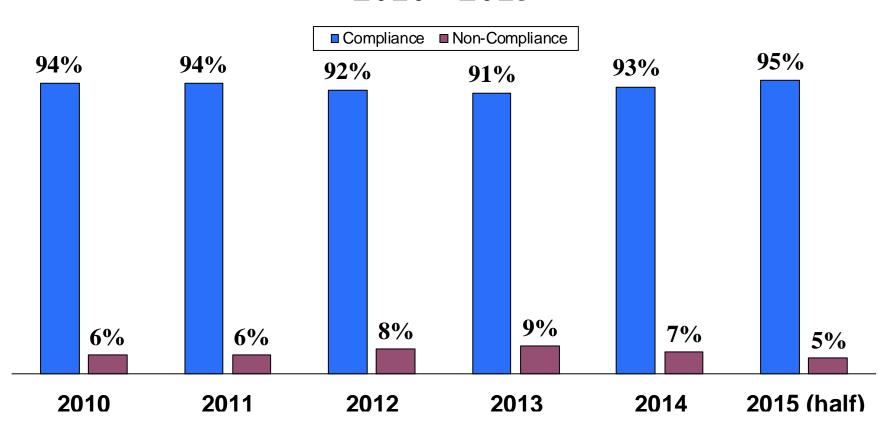
CASES TESTED BY YEAR 1994-2014 Quality Improvement Program



CASES TESTED BY YEAR JANUARY – JUNE 2010-2015



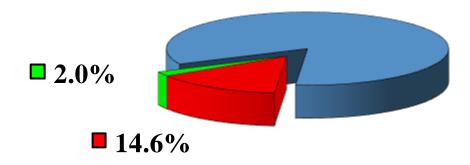
QIP COMPLIANCE PERCENTAGE BY YEAR 2010 - 2015



REGULAR, ASSORTMENT, AND COMPONENT JANUARY TO JUNE 2015



83.3%



Cases tested for Regular Program: 3.82 million cases (including

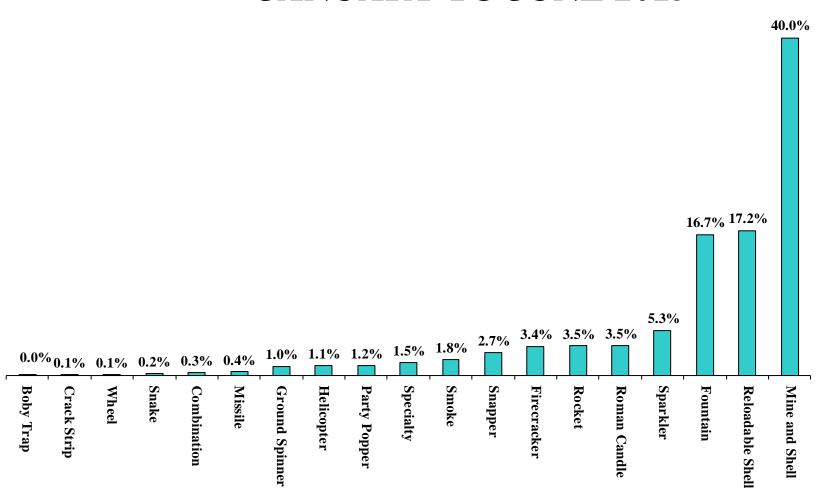
54,000 cases in Thailand).

Cases tested for Assortment Program: 673,000 cases.

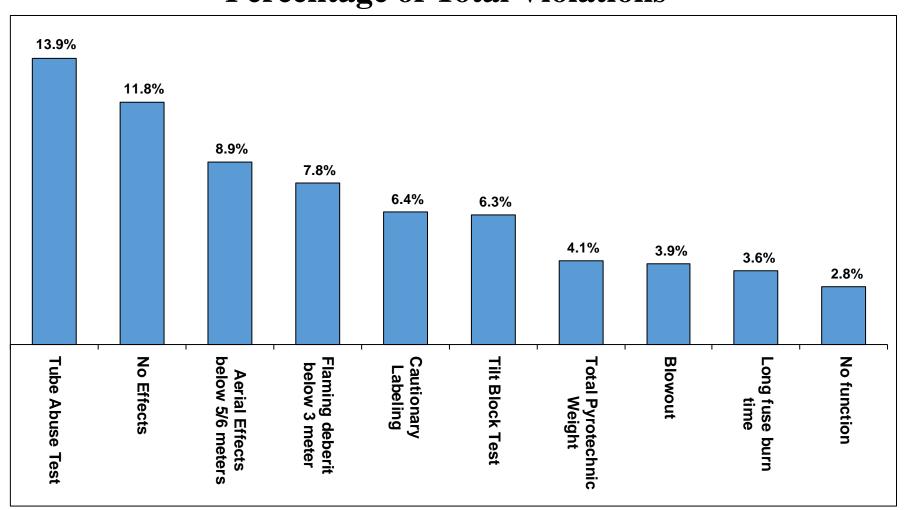
Cases tested for Component Program: 94,000

Total Cases: 4,595,359.

PERCENTAGE TESTING BY PRODUCT CATEGORY JANUARY TO JUNE 2015



TOP 10 VIOLATIONS JAN. TO JUN. 2015 Percentage of Total Violations



IV. Introduction of New Testing Laboratory, Bureau Veritas

- Mr. Chuck Rogers, Americas Director



AFSL Seminar NFA

September 8, 2015



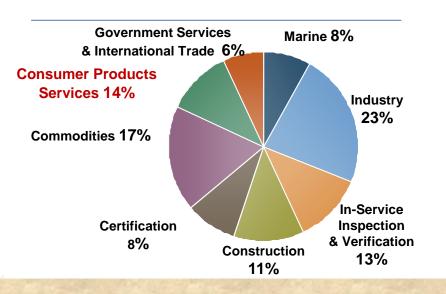
Bureau Veritas at a Glance

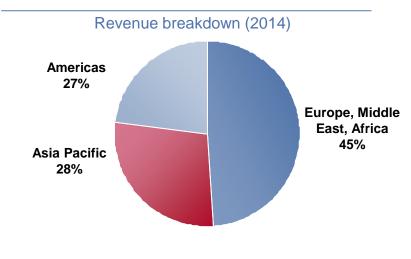


Eight Global Businesses with Global Leadership Positions Revenue breakdown (2014)

Broad Geographical Presence

营业额地域性分布





Founded in 1828

Global leader in conformity assessment and certification services in QHSE

2014 Revenue: €4.17bn revenue

1,440 Laboratories and Offices in 140 Countries

66,500 skilled employees servicing 400,000 customers across wide range of end markets

Bureau Veritas Vision, Mission and Values



Our Group has built a successful global business based upon its long-standing reputation. This reputation is one of the most valuable assets for the Group worldwide and is reflected in our core and business values.

Bureau Veritas core and business values

- > Core values
 fixed and absolute
 - I Integrity and ethics
 - 2 Impartial counsel and validation
 - 3 Respect for all individuals
 - 4 Social and environmental responsibility
- Business values

subject to measurable progress

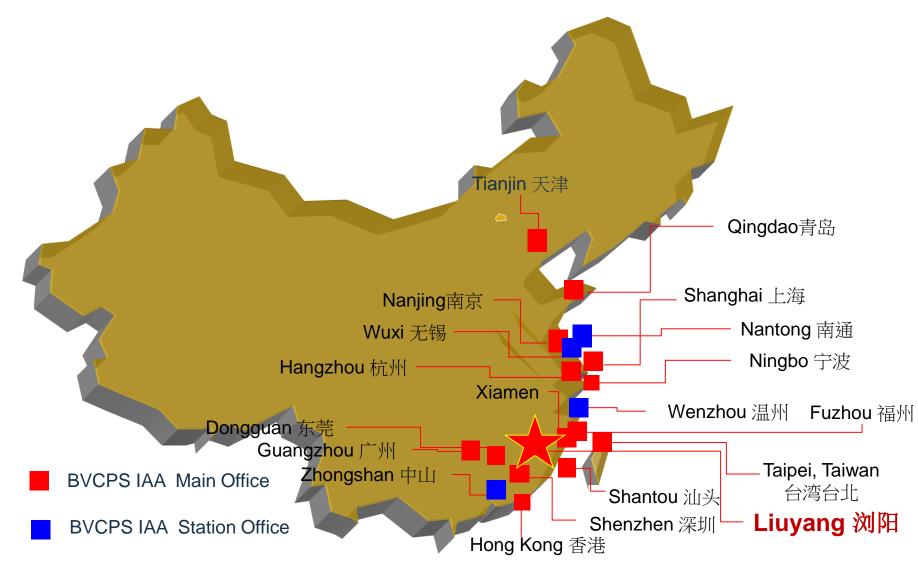
- 5 Customer focus
- 6 Entrepreneurs and leaders
- 7 Share collective knowledge and constant learning
- 8 Local actions and global contribution
 - 9 Transparency
- 10 Teamwork and solidarity



For the benefit of business and people

BVCPS IAAS Services – Greater China Network





BV Liuyang Office



Liuyang office Address

浏阳市浏阳大道87号柏建大厦12楼

12F Baijian Building, Liuyang Avenue, Liuyang

City, Hunan Province, China



Outlook of Liuyang office

Outlook of Liuyang office



Management Contact for Liuyang office

Operation / Program Management/ Integrity

✓ South China General Manager
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✓ Integrity Assurance Manager

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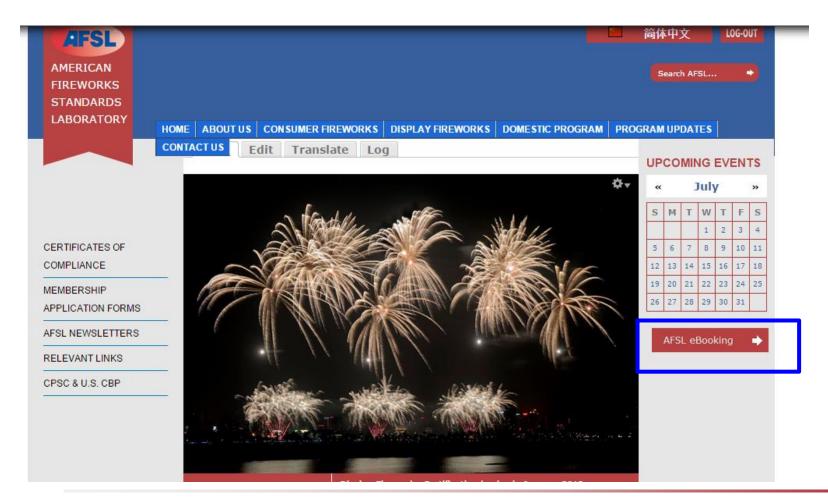
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Consumer Fireworks



Booking submission: Visit AFSL website at www.afsl.org, click AFSL eBooking button for booking submission.



Guideline for open-day to shippers/factories



- ▶ As a trustworthy partner, BV is honored to host Open-day meeting with shippers, in order to build up a direct, open and effective communication channel with AFSL shippers and factories.
- AFSL would be updated for each activity and very welcome to participant as well.
- Shippers and factories are encouraged to direct their inquiries and concerns to BV contacts as listed below:

BV Contact Name	Position	Tel#	Email address
Alex Shen	PSD Program Manager	+86-20-83805961	Alex.shen@cn.bureauveritas.com
Mike Sui	Liuyang Operation Manager	+86-136 5231 0985	Mike.Sui@cn.bureauveritas.com

Open-day initial meeting date and time would be

15:00-17:00 on every Tuesday and Thursday at BV LiuYang office



Chuck Rogers

Americas Director, Technical Consulting & Supply Chain Solutions

AFSL Program Manager

Inspections, Audits and Assessments

Bureau Veritas Consumer Product Services

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72712

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Email:Chuck.Rogers@us.bureauveritas.com





Move Forward with Confidence

V. Domestic Audit Program for U.S. Importers

- Jerry Wingard, Project Manager

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)

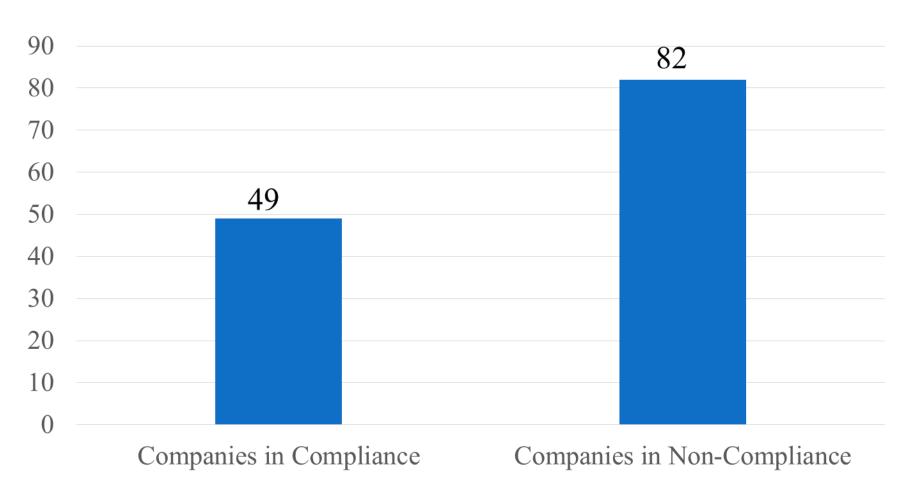
➤ Phase I - The Domestic Audit Program was initiated in October 2012 with audits of Board of Directors' companies.

➤ Phase II – The general members' audits were initiated in February 2013.

➤ Phase III – Re-audits were initiated in March 2015.

SUMMARY OF AUDITS FROM PHASE II

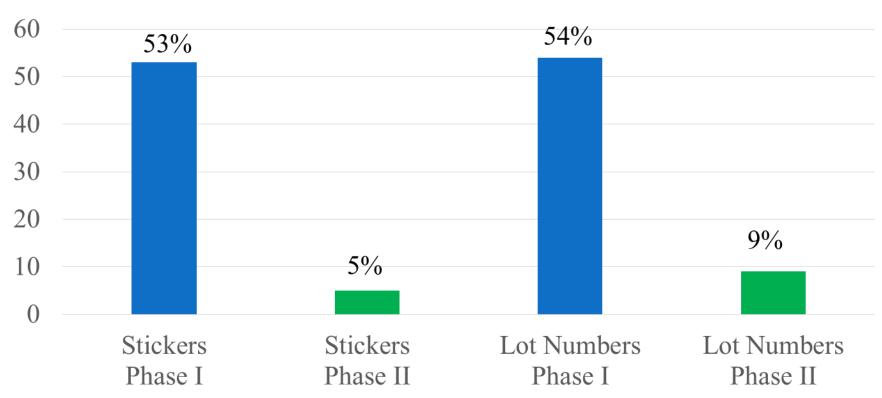
131 companies have been audited. The chart below shows the audit results:



Problems/Issues Found in Phase II Audits

During Phase II of the Audits 1,306,276 cartons were inspected 25,000.00 19,353 20,000.00 15,000.00 10,000.00 4,003 5,000.00 3,035 708 0.00 Uncertified Products Tested by Products that Uncertified **Domestic Products** other Labs **Products** failed AFSL testing

AFSL CERTIFICATION PROCESS FINDINGS PHASE I AND II



Finishing Phase II

• On February 16, 2015 the Board officially suspended 8 companies for not responding or agreeing to permit the required audits.

• There are 8 more companies that have not responded to numerous request for visits.

• If you have received phone calls and messages from AFSL please contact Jerry Wingard at 803-331-3551 as soon as possible.

Domestic Audit Phase III

- Phase III moved forward March 12, 2015 with follow-up audits of companies that scored 75% or less on their initial audits in Phase I and II. Locations that score 100% will not be audited during Phase III.
- Audits started with companies that had inventories greater than 10,000 cartons and will follow with companies that had less than 10,000 cartons.
- We also started with companies that scored the lowest and continue with companies with the highest scores, then adjusted to better minimize travel expenses.

Domestic Audits Phase III

• As of today 15 companies have been re-audited.

- The results of these audits:
 - 1. 9 Companies had improved their scores.
 - 2. 4 Companies' scores had remained the same and still have violations.
 - 3. 2 Companies' scores dropped below their last audit.

VI. Election of Directors

BREAK

VII. Changes to AFSL Consumer Fireworks Standards

- John D. Rogers, Executive Director

REQUIREMENTS FOR MULTIPLE TUBE MINE AND SHELL DEVICES TO ADDRESS RESIDUAL BURN

2-1.7 The finished item, including tubes and internal construction materials, must not continue to burn or reignite after functioning. See Appendix L for Test Procedure.

SPECIAL WARNING LABEL FOR MULTIPLE TUBE MINE/SHELL DEVICES FOR RESIDUAL BURN

4-2.10 Multiple-tube Mine and Shell Devices subject to this Standard must bear a warning label which reads: "May reignite. Soak with water after use."

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

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

RESIDUAL BURN REQUIREMENTS FOR MULTIPLE TUBE MINE AND SHELL DEVICES

Test Procedure Effective Date: August 15, 2015

REQUIREMENT FOR COVERED FUSES

- ➤ AFSL Board approved to incorporate the following language into each AFSL Standards for Consumer Fireworks: "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 PYR 1129 2013 edition and any additional requirements specified by AFSL" with the effective date on August 1, 2015.
- > NFPA has withdrawn the covered fuse requirement. As a result, AFSL will make a decision on this requirement during the October 2015 Board Meeting.

OTHER ACTIVITIES:

FCA Status

AFSL Board decide not to pursue the FCA at this moment.

- > 6 FCA'S have been approved.
- Approx. 200 approvals through FCA's as of January 2015.

VIII. Charging Factories for Failed Lots

- John D. Rogers

Which Factories will be Charged?

- Factories that have a compliance rate lower than 93% from June 2014 to May 2015.
- Factory compliance data will be evaluated quarterly. Any factory that has a compliance rate of lower than 93%, based on testing done in the previous 12 months will be subject to the fee.

How Much will be Charged?

- > US\$0.30 per case for Regular and Assortment cases.
- > US\$0.20 per case for Component cases.

Who will Collect the Fees?

- AFSL will rely on the contract testing laboratory to collect the failed Lot fees from the factories. AFSL will perform the evaluations and send invoices to factories with a copy to the appropriate shipper.
- The contract testing laboratory will collect the fees from each factory and credit to the AFSL account.

How will Fees be Calculated and Collected?

- ➤ AFSL will analyze monthly the data to determine how many Lots have been failed for each factory during the previous month.
- ➤ Based on the data, AFSL will prepare an invoice for each subject factory with a cover letter explaining the charged fee.
- The contract testing laboratory will mail or hand-deliver the invoice to the factory, and provide a copy to the shipper that requested testing for the Lots in question.

What are the Penalties for Failure to Pay the Failed Lot Fees?

- Failed Lot fees are due within 15 days from the date of notice.
- Fees for failed Lots will be considered delinquent if not paid within 30 days from the date of the notice.
- Factories that fail to pay the failed Lot fees will have all future requests for testing delayed until payments are received.
- ➤ Written notice of the testing hold will be provided to the factory with a copy to the shipper.

IX. Display Fireworks Testing Program Overview

- Mr. John D. Rogers

PARTICIPATING DISPLAY FIREWORKS 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 PyroVision Entertainment Group, Inc., Jaffrey, NH
5	Central States Fireworks, Inc., Athens, IL
6	Fireworks by Grucci, Brookhaven, NY
7	Hamburg Fireworks Display Inc., Lancaster, OH
8	J&M Displays, Inc., Yarmouth, IA
9	Kellner's Fireworks Inc., Harrisville, PA
10	Lew's Fireworks, Inc., Watertown, SD
11	Magic in the Sky, LLC, San Antonio, TX
12	Melrose Pyrotechnics, Inc., Kingsbury, IN
13	Pyro Shows, Inc., La Follette, TN
14	Pyro Spectaculars, Inc., Rialto, CA
15	Pyrotecnico, New Castle, PA
16	RES Specialty Pyrotechnics, Belie Plaine, MN
17	Starfire Corporation, Carrolltown, PA
18	Western Enterprises, Inc., Carrier, OK
19	Wolverine Fireworks Display, Inc., Kawkawlin, MI
20	Zambelli Fireworks, New Castle, PA

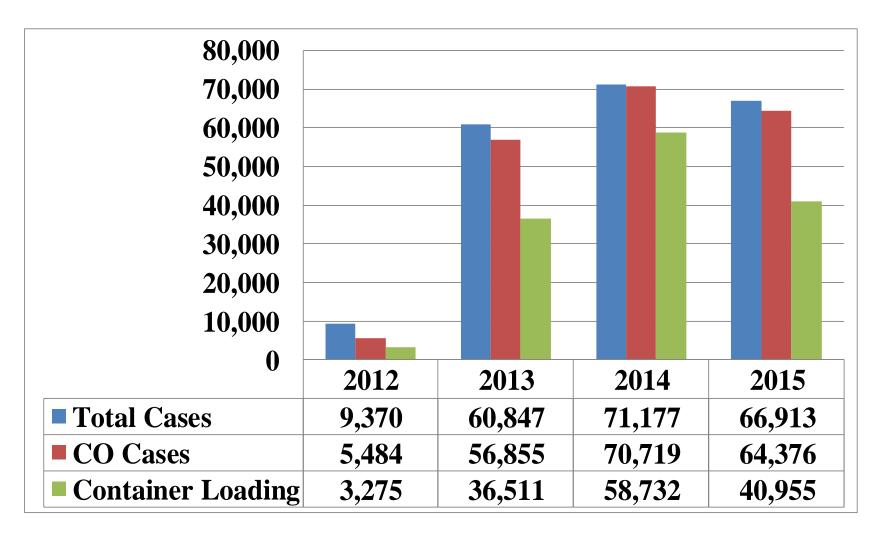
PARTICIPATING DISPLAY FIREWORKS SHIPPERS

1	An Ping County Fireworks General Factory
2	Babytiger Fireworks Import & Export Ltd., Co.
3	Cenxi Wahyee Advanced Fireworks Factory
4	Dancing Fireworks Group
5	Far East San Luen Fat Trading Company
6	Glorious Professional Products Trading Limited
7	Hua Hui Fireworks Manufacturing Co., Ltd.
8	Hunan Cereals, Oils and Foodstuffs Import & Export Group Co., Ltd.
9	ICON Pyrotechnics International Co., Ltd.
10	Inter-Oriental Fireworks (HK) Ltd.
11	Jiangxi Changshan Exporting Fireworks Manufacture Co., Ltd.
12	Jiangxi Panda Fireworks Co., Ltd.
13	Jiangxi Province Lidu Fireworks Corporation Ltd.
14	Jiangxi Province Light Industrial Products I/E Co., Ltd.
15	Jiangxi Wanzai Golden Peak Fireworks Corp.
16	Liuyang Goldenkey Trade Co., Ltd.
17	Liuyang Jingli Fireworks Trade Co., Ltd.
18	Liuyang Jinsheng Fireworks Co., Ltd.
19	Liuyang Leping Import & Export Co., Ltd.
20	Liuyang Qingtai Export Trade Co., Ltd.
21	Liuyang Sunny Fireworks Trade Co., Ltd.
22	Liuyang Xiangguang Fireworks Trading Co., Ltd.
23	NanChang Xiangtian Imp. & Exp. Co., Ltd.
24	United Pyrotechnics (USA) Inc.

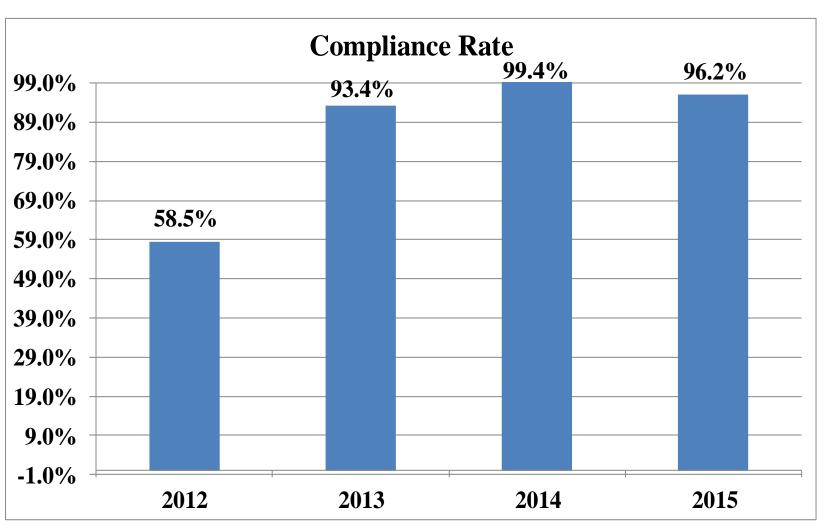
Yung-Feng Firecrackers & Fireworks Co., Ltd.

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DISPLAY FIREWORKS TEST SUMMARY JANUARY – JUNE 2012, 2013, 2014 AND 2015



DISPLAY FIREWORKS COMPLIANCE RATE JANUARY – JUNE 2012, 2013, 2014 AND 2015



X. Questions & Answers

www.afsl.org

THANK YOU!

