Costco Smart Screening Guide
V5 8/20/2019

Costco’s Smart Screening Program: In order to keep up with the ever growing regulatory changes, third party labs have assisted in developing the Costco Analytical Protocol with Costco destination country, state and county requirements. This protocol shall be referenced by suppliers to understand restricted chemicals associated in product and processing for their items. The analytical protocol will be referenced and tested against during the normal QA process. The focus of this Costco Smart Screening program is to perform a screening of chemicals at lower limits in lieu of full testing per chemical on final products and packaging.

Frequently Asked Questions

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**Costco Smart Screen Compliant Packaging Suppliers**

**Q: How do I submit Samples for Smart Screening?**

**A:** Sample selection is required for testing by the third party testing lab requested in the test request. The testing lab will pull samples for all testing during this visit to the factory making the goods. The factory will need to send selected and sealed samples to the main lab chosen for testing on the test request form. The lab will either test the CSS samples or send them to the appropriate testing lab internally for smart screening requirements.

The process for KS Foods Packaging testing is a bit different. Packaging samples will be collected from the Foods QA Lab and submitted to the third party lab by QA. If the item is not being tested by the Foods QA Lab, the designated third party lab will contact the supplier to advise what packaging components the supplier will need to submit.

**Q: Why do we need to do Smart Screening?**

**A:** As Costco is a global company, the Costco Smart Screening program has been created to ensure global compliance as well as to bring awareness and change for green product systems, sustainability and responsibility.

**Q: Where can I get the testing protocols?**

**A:** Testing protocols can be shared with you from Non Foods Quality Assurance staff members who can provide you the most current protocol.

**Q: What do the different stamps mean on the report?**

**A:** The stamps are the NFQA ratings of the lab issued reports. The stamps give direction of what is expected of the discrepancy found.

- **ACCEPT:** This rating notes that some failures were found but QA has reviewed and deemed
them acceptable. Reports that have the QA rating of ACCEPT will not require further action.

- **MERCH REVIEW**: This rating notes that some failures were found during testing. A STAMPED REPORT is emailed to the buyer and the supplier. These failures are usually quality issues and are rated for review to be completed by Merchandising. The buying team will review and advise one of the following:
  
  A: No further action required. The buyer accepts all noted defects.
  
  B: Re-test required. Buyer: please advise if you require a Corrective Action Plan.

- **CORRECTIVE ACTION PLAN REQUESTED (CAP)**: This rating dictates a Corrective Action Plan has been requested. A CAP is requested when an item does not meet Costco standards versus a CAR which dictates an item does not meet regulatory standards. Costco is still requesting a correction to be reviewed to see if it can be made prior to shipment.

- **CORRECTIVE ACTION REQUIRED (CAR)**: This rating means that Costco QA is requiring corrective action be taken. The product cannot be accepted as is, and defects MUST be corrected before shipping. Once the Corrective Action Plan is approved for a retest, samples for a retest should be submitted ASAP.

- **INCOMPLETE (INC)**: This means that some items were not submitted for testing or some testing is currently pending. Ultimately, this test will not be complete until all requested samples, packaging, labeling and/or materials have been received by the lab and tested. The lab will issue an addendum report when the missing items have been received and tested.

Q: Can I have an override or can I fix this chemical discrepancy on future product?

A: Depending on the severity and legal compliance, this may occur.

1) A chemical discrepancy must be fixed if it is a legal requirement for the destination in which the product is being manufactured.

2) A chemical discrepancy that is not regulated still requires the supplier to provide a corrective action plan. This CAP is to describe in detail how you the supplier can correct the discrepancies found and when the change can be implemented regardless of the destination.

Q: If I have a failure and need to remove a chemical, how can I find out about alternative chemicals to use that are safe?

A: There are multiple resources that can be contacted. See “Resource Section” below. Please note alternative chemicals and corrected product must always be re-tested to ensure compliance.

1) If an alternative chemical and or the product is being corrected a sample selection with the 3rd party lab must be conducted to ensure chain of custody.
Q: What if the chemical failure is not for my destination country?
A: Costco asks that suppliers evaluate each failure even if it is not regulatory and determine if they can or cannot remove it. Costco encourages suppliers to remove chemicals of concern found regardless if it is regulatory.

Q: What are the chemicals that I cannot have in my product?
A: If the suppliers evaluation of an chemical has determined that the chemical cannot be removed the supplier needs to put this in a CAP corrective action plan and upload it into the Costco BPM system. Once the information is reviewed, the item may or may not be approved or may be cancelled depending on the chemical found, the limits allowed and the item itself.

Q: What if I cannot remove a chemical from the product?
A: This must be communicated in your CAP and uploaded into the Costco BPM system. Once the information is reviewed, the item may be approved as is or it may be cancelled depending on the chemical found, the limits allowed and the item itself. The QA team will work with the buyer and the lab to ensure an accurate answer is given at that time.

Q: If we have an OEKO-TEX certification, does this exempt testing?
A: Yes, the Oeko-Tex Standard 100 certification or higher will exempt the component or full item. This will be confirmed in final testing with the third party lab. Please send the certification to the lab for confirmation.

Q: If I am Oeko-Tex certified, when do I submit the certificate?
A: Any and all Oeko-Tex certificates should be submitted at the time of BOM are sent to the 3rd party lab or at the time of sample selection. The 3rd party lab will then review the certificate and verify validation and exempt specified certified components accordingly from Costco smart screening.

Q: What is Bluesign?
A: Bluesign is a certification process that has been approved by Costco. The process can be found https://www.bluesign.com/. Supplier is to provide documentation to 3rd party testing lab who will then verify authenticity of certificate accordingly and exempt Costco smart screening.

Q: When do I have to report a chemical instead of remove or replace it?
A: If a state and/or country require reporting, a chemical present during testing may be reported in some cases instead of being removed. In some states and/or countries it cannot be present in the product at all however. It is important to understand the differences. This can be reviewed with the third party lab.
Q: How do I report to Washington State?
A: Washington State requirements can be found online at the below reference:

Q: What states have reporting laws?
A: Washington, Oregon, and Maine are only some of the states with current and/or upcoming reporting requirements. Other requirements are in the process of being implemented quickly. Always refer to the third party lab and industry updates for the most up to date reference. The manufacturer/distributor/importer of the item is responsible to research all states and their reporting requirements for the products that they manufacture.


Q: Is there any Costco Smart Screening training that can be done for my company that explains the process?
A: Yes, NFQA is available to perform online webinar training with your team if needed. You can also share this documentation with them for reference.

Q: Is there any Costco Smart Screening documentation we can share with our factories?
A: Please share the most up to date protocols, the NFQA Expectations Manual, Test Request Forms, this document and the NFQA contacts information for their reference where needed.

Q: Are there any resources that provide training opportunities for chemical management system?
A: Yes there are many 3rd party sources that provide opportunities such as MTS, SGS, Oeko-tex. Please review below in “Resources” for guidance.

Q: We want to be more proactive and understand our supply chain, can we enforce Costco Smart Screening in our factories and their suppliers?
A: To better ensure compliance, AFIRM and SGS provide the ZDHC manufacturing Restricted list (MRSL) testing guidelines that can be used in manufacturing practices. Organizations such as Oeko-Tex can also certify raw ingredients and factories based on the level of certification you are seeking.
Q: What is TRF?
A: Test Request Form

Q: What is CSS?
A: Costco Smart Screening

Q: What is a CAP?
A: Corrective Action Plan

**Helpful Tips**

1) Do your own pre production testing to ensure product will meet Costco standards prior to production
2) Ask for the current Costco Smart Screening protocols prior to testing
3) Share the Costco Smart Screening expectations with your factories
4) Advise your component/ fabric/ material suppliers of the safer product chemical expectations
5) Ask Costco QA ASAP if you have any questions - we are here to help!

**Resources**

**EPA-** Safer Alternatives Assessment:
[https://www.epa.gov/saferchoice/design-environment-alternatives-assessments](https://www.epa.gov/saferchoice/design-environment-alternatives-assessments)

**Safer Choice-** Resources for Manufacturers:
[https://www.epa.gov/saferchoice/resources-safer-choice-product-manufacturers](https://www.epa.gov/saferchoice/resources-safer-choice-product-manufacturers)

Primary Technical Contact:
Laura Romano
Romano.Laura@epa.gov
202-564-1328

General Questions, Label Use, & Messaging Contact:
Bridget Williams
Williams.Bridget@epa.gov
202-564-8558

**Oeko-Tex Buying Guide-** Buying guide of approved component and factory suppliers:


**Costco Approved 3rd Party Certifications**

**OekoTex:** Standard 100 by OEKO-TEX® | STeP by OEKO-TEX® | Detox To Zero by OEKO-TEX® | Made In Green by OEKO-TEX® | ECO PASSPORT by OEKO-TEX® | MySTeP by OEKO-TEX® | Hohenstein Institute / LEATHER STANDARD by OEKO-TEX®

**OekoTex Leather Certification:** LEATHER STANDARD by OEKO-TEX®

**Bluesign:** [https://www.bluesign.com/](https://www.bluesign.com/)

**MRSL Resources**

**ZDHC MRSL-** Based on the AFIRM guidelines: [https://www.roadmaptozero.com/mrs1_online/](https://www.roadmaptozero.com/mrs1_online/)


**Useful Links**


**Washington DOE Guidance for CHCC Reporting Rule:**


**Oregon Toxic-Free Kids Act:**


**Oregon Health Authority - Oregon Chemicals of Concern for Children’s Health:**


**Maine Toxic Chemicals in Children’s Products Law:**

(http://www.mainelegislature.org/legis/statutes/38/title38ch16-Dsec0.html and http://www.maine.gov/dep/safechem/forms.html) requires reporting to the state of Maine the presence of priority chemicals above a certain de minimis level in children’s products, and performing alternatives analyses.

**Department of Environmental Protection - Maine Chemicals of High Concern:**


**REACH/ SVHC- ECHA:**

https://echa.europa.eu/


2. Please note that there are SVHCs on an Authorisation list that cannot be produced or used after the set "sunset date", unless an authorisation has been granted for specific use. The Authorisation List can be found on the ECHA website below:


3. Costco is obliged to inform members of the public of the presence of any substance(s) on the SVHC Candidate List if >0.1% (w/w) in articles (products and packaging) within 45 days of receiving a request for the information. The SVHC Candidate list can be found on the ECHA website below: http://echa.europa.eu/web/guest/candidate-list-table

4. Over time, it is likely that the use of many chemicals will require authorisation, become subject to restriction or be banned. Costco expects that vendors will be monitoring this situation and in many cases already seeking to remove these types of substances from their products,
where this is technically feasible. For further information on substances that are already being considered, please check on the ECHA website.

http://echa.europa.eu/addressing-chemicals-of-concern

**Costco Smart Screen Compliant Packaging Suppliers**

Suppliers listed below have systems set in place that meet or exceed Costco’s chemical policy through Costco Smart Screening testing and or Oeko-Tex certifications. Costco Smart Screen reports and/or Oeko-Tex certificates for: **woven labels, screen printed fabric labels, heat transfers, care and content labels, hang tags/swing tickets, packaging, swift tacs, hangers, size stickers, etc.** should be provided to the assigned testing lab to exempt these components from testing. Any packaging for garments and or shipping materials not covered by Oeko-Tex and or Smart Screening reports shall be subject to testing at the time of production per Costco requirements.

**Esquel**

Allison Lee / (206) 223-7338 (x15) / LeelAli@esquel.com
Sammie Tse / (852)-2960-6227 / TseseSa@esquel.com
Macy Mai / 86-757-88881000 (x5700) / Maimac@esquel.com
Maya Yan / 86-757-88881000 (5700) / Yanmay@esquel.com

**Natco**

Alex Seropian / (818) 409-0019 (x249) / alex.seropian@natcoglobal.com
Viken Arslanian / Viken.Arsanian@natcoglobal.com

**ITL**

Laura O’Brien Donath / (646) 668 3392 / auraobriendonath@itl-group.com
Barry Burgess / Barry.Burgess@itl-group.com
Shirley Wang / Shirley.Wang@itl-group.com

**Third Party Lab**

**MTS:** MTS Shanghai • Dr.Richard Yue • Email: ruye@mts-global.com
Mr. Eddie Zhang • Email: ezhang@mts-global.com •
Ms. Carol Ke • cke@mts-china.com
Dr. Charles Wong • charleswong@mts-global.com

SGS: Global Account Manager Linda Brecht:
Linda.Brecht@sgs.com

Eurofins: Project Coordinator Mitchell Vandenberg
MitchellVandenberg@eurofinsUS.com

BV: Manager, Account Management Eliza Ng:
eliza.ng@us.bureauveritas.com and Client
Relations Manager Zuly Rios:
Zuly.Rios@us.bureauveritas.com
SGS CHEMICAL MANAGEMENT SERVICE - ROOT CAUSE ANALYSIS

Repeated restricted substance failures may occur at the production stage. The inability to identify the root causes of the problem prevents the manufacturer from formulating a corrective action plan to address the core issues and to avoid recurring. This precludes the factory from making continual improvement on chemical management. SGS Root Cause Analysis is a valuable technical advisory service to address technical gaps in chemical management in factories. The Root Cause Analysis solution is designed to identify high risk restricted substances that are used in manufacturing process, to provide the correction and improvement suggestion, and to recommend the best practices. The goal is to assist clients to establish a well-rounded chemical inventory and management system to avoid the incompatibility of restricted substances and the consequent financial loss as well as social responsibility.

SERVICES SCOPE:

On-Site Factory Visit and Chemical Testing

This customized solution consists of an on-site factory visit and a chemical testing solution for chemical formulations, components and final products sampled on-site. SGS will assist our customers by:

- Validating chemical input at each production stage with reference to the documents provided by the factory;
- Identifying root cause(s) that contribute to the technical gaps; and
- Proposing an action plan for improved usage of chemicals in the factory.

Root Cause Analysis will help factories to

- Identify potential high risk hazardous substances that may be used within the production;
- Identify and address technical gaps or weak points that may be present within the production; and
- Evaluate the root cause(s) for corrective actions.

The Root Cause Analysis report also provides recommendations that will enable the factory to set a baseline for making future improvements.

Please contact SGS for services details.

Contact Information:
SGS Global Softlines Development Office
Email: Global.SL@SGS.com
SGS CHEMICAL MANAGEMENT TRAINING SERVICES

Every stakeholder across the textile and footwear supply chain is seeking solutions to overcome chemical and environmental challenges. Meanwhile, governmental regulations and industrial requirements on restricted substances in consumer products and discharges from production are becoming more stringent. Therefore, an upstream chemical management approach along the supply chain should be adopted to ensure safety and compliance of raw chemicals and chemical formulations before production begins.

SGS has been providing chemical management trainings via these two channels:

- SGS Hazardous Substance Control (HSC) Workshop
- ZDHC Chemical Management Training

SGS Hazardous Substance Control (HSC) workshop and training program is designed to provide professionals in supply chain the education to overcome technical gaps in chemical management, and to help them gain the ability to implement a chemical management system, and to make positive changes towards the Zero Discharge goal.

Our Training Features:

- **Process specific** — Training is customized to each stage of textile manufacturing (such as dyeing & printing, washing and finishing), making it most relevant to the participants.
- **Specially designed practice tools** — The toolkits are made available to the participants to conduct risk assessments at the factories.
- **Easily understandable content** — Complex technical knowledge is condensed into industry language, so it can be directly applied into daily operations.
- **Convenience** — Participants can fit the training into their busy work schedule with our one day workshop.
SGS is also one of the accredited training providers to offer Zero Discharge of Hazard Chemicals (ZDHC) chemical management training courses by ZDHC qualified SGS trainers in major supply chain regions, e.g. China, Bangladesh, India, Indonesia, Pakistan, etc. in local languages. Currently, ZDHC developed three chemical training courses - Introduction to Chemical Management, Top 10 Issues of Chemical Management and Introduction to Wastewater Management.

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<tr>
<th>Introduction to Chemical Management (Two-day program)</th>
<th>Introduction to Wastewater Management (One-day program)</th>
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<tr>
<td>- Hazards &amp; Risks</td>
<td>- Introduction to ZDHC Wastewater Guidelines</td>
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<td>- Labeling and communication</td>
<td>- Root Cause Analysis &amp; Corrective Action Plan</td>
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<td>- Chemical Storage</td>
<td>- Market Available Effluent Treatment Plant (ETP)</td>
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<td>- Environmental Impact Mitigation Measures</td>
<td>- Call for Actions to adopt ZDHC Wastewater Guidelines and ZDHC Gateway - Wastewater Module</td>
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<td>- Introduction to wastewater treatment</td>
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<tr>
<th>Top 10 Issues of Chemical Management (One-day program)</th>
<th>Knowledge of chemical separation/ aggregation</th>
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<tr>
<td>- Internal purchasing policy</td>
<td>- Chemical storage and on-site management</td>
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<td>- Qualified chemical management team leaders</td>
<td>- General training in chemical management</td>
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<td>- Documentation permits and verification</td>
<td>- PPE implementation and maintenance</td>
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<td>- Understanding the MSDS</td>
<td>- Capability to identify where Wastewater Effluent Facilities hazardous</td>
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<tr>
<td>- Ability to understand and build a chemical inventory</td>
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SGS chemical management workshops are provided either in cluster regions to any interested professionals or in the factory who applies for training. Please contact SGS for any details or for enrollment.

Contact Information:
SGS Global Softlines Development Office
Email: Global.SL@SGS.com
SGS ZDHC MRSL CONFORMANCE TESTING SERVICES

To achieve higher levels of product safety and compliance of restricted substances, more and more textiles, leather and footwear factories start to take an upstream chemical management approach to ensure the compliance of raw chemicals and chemical formulations used in production. As numerous chemicals and chemical formulations are being used for various purposes, gaining information clarity and transparency of what and how chemicals are being used becomes challenging.

In 2017, Zero Discharge of Hazardous Chemicals (ZDHC), an industry-led collaboration with the intent to eliminate hazardous chemicals in the textiles and leather product supply chain, developed a Manufacturing Restricted Substances List (MRSL) Conformance Guidance, providing a way to ensure the elimination, restriction or limitation of hazardous substances in chemical formulations. As one of the mostly adopted MRSL Guidance, it gives an MRSL testing and conformance process and different conformance levels.

SGS understands the market challenges and requirements. Therefore, SGS has developed an essential and cost-effective Chemical Screening testing service (SGS BRS:200-17) for the analysis of over 200 restricted substances in chemical formulations under ZDHC MRSL. Through this analytical service, SGS aims to support brands and retailers to adopt a methodical, scientific and facts-based approach that is transparent to the public and the stakeholders. This approach promotes understanding of the current circumstance of the suppliers through benchmarking and setting up baselines to further identify areas of improvement in order to ensure continuous improvement.

All MRSL analysis must be conducted by ZDHC accepted SGS laboratories to produce the certificates for uploading to ZDHC Chemical Gateway for Level 1 conformance.

Please contact SGS for services details.

Contact Information:
SGS Global Softlines Development Office
Email: Global.SL@SGS.com