

**U.S. Consumer Product Safety Commission
LOG OF MEETING**

SUBJECT: Chairman's Visit to Gerber Headquarters

DATE OF MEETING: 09/2/10

LOG ENTRY SOURCE: Matt Howsare

DATE OF LOG ENTRY: 9/7/10

LOCATION: Room 724, CPSC Headquarters

CPSC ATTENDEE(S): Inez Tenenbaum, Matt Howsare, Kenny Hinson, and Scott Wolfson.

NON-CPSC ATTENDEE(S): From Gerber: Larry Little, Marjorie Glynn, David Gosnell, Al Freeman, and Gary Simmons. From AAFA: Rebecca Mond and Kevin Burke.

SUMMARY OF MEETING: The visit to Gerber included a tour of Gerber's lab and general discussion on how Gerber manufactures its products. At the conclusion of the lab tour, Gerber gave the attached presentation and there was brief discussion on Gerber's business structure, how it operates, its approach to ensuring compliance, the relief that Gerber has received by way of certainty on how to comply with CPSIA, and some key CPSIA related issues. The presentation

is attached to this meeting summary.

Gerber®
Childrenswear

September 2, 2010



Welcome to Gerber Childrenswear!

Consumer Products Safety Commission:

Inez Tenenbaum, Chairman

Kenny Hinson, Executive Director

Scott Wolfson, Public Affairs Director

Matt Howsare, Chief of Staff

American Apparel & Footwear Association:

Kevin Burke, President & CEO

Rebecca Mond, Manager - Government Relations

Attending from Gerber Childrenswear:

Gary Simmons, President & CEO

Larry Little, Sr. V.P. Operations & Sourcing

David Gosnell, V.P. Technical Services

Marjorie Glynn, Specifications & Color Director

Al Freeman, Compliance Director

Jeff Pascoe, General Counsel

Connie Pence, Marketing Manager

Gerber Childrenswear Portfolio

Gerber Childrenswear LLC, an affiliate company of Sun Capital, is a leading marketer of children's apparel and related products. The company is the leading provider to volume retailers, and also distributes to department stores and specialty retailers. Our brand portfolio is made up of Evergreen brands which include:



Gerber.

- **Gerber** aspires to be the best choice for value price national brand in the mass, mid market and specialty stores as well as online – offering all of the everyday, core layette apparel, onesies® brand one piece underwear, sleepwear, bath and bedding items that mom needs for baby's first years.



- The **Jockey** brand for kids is a national brand distributed in department stores and national chains as well as online - offering age appropriate designs in key essentials made with comfortable quality fabrics which is true to the Jockey brand image. The line includes panties, bras, camisoles, briefs, boxers, t-shirts and sleepwear. Boys 4-20 and Girls 4-16.



- The **Lamaze** brand layette, bedding and playette/playwear line is distributed in national chains - enlightening babies from newborn to 12 months with cute characters, whimsical prints and bright colors. The babywear line includes bodysuits, sleep 'n play, pants, accessories, bath and blankets.



- The **NFL** infant and children's apparel line is a national sports brand distributed throughout all channels of distribution, from mass to better department stores and speciality stores as well as online. The line includes underwear, layette and sleepwear for boy's and girl's in sizes 0-20.

Gerber.
Childrenswear

Company History

- 1980 – 1986: Gerber Products Company purchased 4 companies: Kent (sleepwear), Bates Nightwear (sleepwear), Walter W. Moyer (underwear) and Soft Care Apparel (purchased from Kendall).
- 1994, Gerber Products Company merged with Sandoz.
- 1996, Sandoz sold GCI to a private investor and Citicorp. GCI becomes the licensee of Gerber apparel.
- 2002, GCI was acquired by Kellwood Company, a \$1.6 billion marketer of apparel and consumer soft goods. The Company (Kellwood) specializes in branded as well as private label products, and markets to all channels of distribution.
- 2007, GCI acquires the Jockey International license.
- 2008, GCI changed organizational structure to a limited liability corporation - GC LLC. Kellwood Company was purchased by Sun Capital and Gerber Childrenswear started reporting directly to Sun Capital.
- 2008, GC LLC acquires the Lamaze license.
- 2009, GC LLC acquires the NFL license.

Gerber Childrenswear LLC Office Locations

Structure

Headquarters in Greenville, SC – 100 Associates

- Customer Service
- Operations
- Marketing
- Finance
- Purchasing

Sales, Merchandising and Design in NY, NY – 21 Associates

- Sales
- Merchandising & Design

Local Support Associate – 1 Associate

- Walmart U.S. Category Manager – Bentonville, AR

3rd Party Logistics Support

- Goose Creek, SC – 80 Contractors
- Chino, CA – 40 Contractors
- Mississauga, Ontario

3rd Party Manufacturing Support

- Hong Kong, China
- Colombo, Sri Lanka
- Tirupur, India
- Cochin, India

Company Profile

- GC LLC has been working with the Gerber brand for over 30 years.
- GC LLC continues to invest and grow the brand in the U.S. and International markets.
- GC LLC has strong partnerships established with retailers upper management and has received 'vendor of the year' awards with the top mass retailers – Walmart, Target, Babies 'R' Us
- GC LLC has developed its own brand - Onesies® one piece underwear that is used in conjunction with the Gerber brand and is one of the most productive items on the layette planogram.
 - The Onesies® brand has 95% brand awareness in the marketplace.
 - Onesies® brand one piece underwear is a key item driver in the layette area.
 - Today, the Onesies® brand continues to be the preferred 'brand' of one piece underwear that moms know and trust with over 50 million being sold every year!
- GC LLC continues to expand into channels of distribution and size ranges thru acquiring additional brand licenses:   
- GC LLC proudly supports K.I.D.S. (Kids In Distressed Situations) global charity with over \$2 million in donations over the past 6 years.

Gerber Childrenswear Organizational Strengths

Key Strengths

Merchandising

- Exclusive line offering
- Creative & talented in-house design staff
- International & domestic trend research
- First-to-market opportunities within all product lines

World Class Replenishment

- Sophisticated forecast & replenishment system
- Predicts demand & accurately schedules production
- On time shipments
- Excellent in-stock rates

Business Planning

- Category advisor
- Retail analyst
- Forecasting & inventory control
- Management of product life cycle
- POS analysis by SKU
- Micro-market Analyst

Manufacturing & Sourcing

- Global alliances
- Strategic partners in 5 countries & on 3 continents
- Delivering optimal combination of quality & price

Consumer Marketing

- Talk to over 23.7 million moms every year
- Qualitative & quantitative research
- Online research through Preferred Parent database
- Market/floor plan analysis
- Multi-media platforms

Safety & Compliance

- 5 step manufacturing QC process
- FR compliance safety experts
- Ongoing safety & compliance education
- In compliance with CPSIA standards
- Over 180 years of combined employee exp. in QC & testing

Sustainability

- Establishment of ECO 10
- Fuel reduction
- Waste reduction
- Environmentally friendly products
- Reduction of packaging materials

A Proven Leader in the Children's Business!



Understanding the Consumers Needs

We continuously conduct consumer research to...

- Understand current consumer attitudes and how it translates to products
- Stay apprised of what's happening in the marketplace
- Ensure our products are the best they can be...and evolve them as consumers needs change

We receive our feedback by conducting...

- Quantitative Research
 - Awareness tracking study – 7 consecutive years
 - Online surveys utilizing Preferred Parent database – national base
 - Product testing utilizing Preferred Parent database – national base
- Qualitative Research
 - Discovery labs
 - In-home ethnography panels
 - In-store super walks
 - Focus groups
 - Regional base
 - Local mom clubs

Our Commitment to Safety



At Gerber Childrenswear, we are serious about safety & quality. Our product safety and compliance policies are based on our core values of being a trusted partner & our passion to do what's best for mom & baby. We utilize Oeko-Tex® Standard 100 because we care about the well-being of our little ones. Confidence...Oeko-Tex® certified key components provide the highest available level of safety and are compliant with new government requirements.

INTERNATIONAL
INDEPENDENT
VERIFIABLE
TRANSPARENT

Oeko-Tex® Standard 100

The international standard for textile safety



Gerber Childrenswear Compliance

- Gerber Childrenswear apparel products are designed & manufactured to meet or exceed all applicable safety standards. We have over 180 years of combined employee experience (8 associates) in quality control and product testing.
- We're serious about safety & quality and we have strong compliance foundation framework of proven best practice policies which are continually monitored to deliver critical, quick & efficient business compliance solutions.
- Consumers have access to a Gerber Call Center where multi-lingual childcare professionals are available 24 hours a day, 7 days a week:
 - All calls are documented
 - Recap reports are published and reviewed monthly
 - Avenues consumer is informed: product, packaging, website and Facebook
- We have continually increased our financial commitment to maintain quality standards in the marketplace:
 - Internal testing lab
 - 3rd party testing
- Gerber Childrenswear continually stays abreast and compliant with the evolving federal, state and retailer safety requirements in the children's market.

Testing Requirements in the Marketplace

- Implement standardized testing in the marketplace:
 - Retailers
 - Federal vs. State
- Garment testing vs. component testing
 - Overall, there is approximately a 40-50% cost reduction in component testing vs. garment testing

3 Pack Sleep 'n Play	
Based on Retailer Testing Requirements	
<u>2009 Total Garment</u>	<u>2010 Component</u>
• Solid dyed 100% cotton fabric - every garment	• Exempt
• Printed fabric 100% cotton - every style	• One time per fabric (with random replenishment testing)
• Screen Print transfers - all colors tested	• Colors combined
• Zippers - each component of zipper	• Whole zipper tested
• Zippers - colors tested by style	• One time - all styles used (with random testing during the year)
• Snap - colors tested by style	• One time - all styles used (with random testing during the year)

CPSIA Key Issues

- **Component Testing**

- We strongly support component testing
- Allows manufacturers confidence before making products rather than finding out components fail too late in the process
- Important it is formalized

- **XRF Technology**

- Recommend XRF Technology be allowed as a viable test method for lead substrates

- **Printed Fabrics**

- Recommend printed fabrics be exempt from lead testing
- This assumes ink has been absorbed into the fabric

- **Pre-Emption**

- Federal vs. State regulations

- **Public Database**

- Concerned about implementation / potential misuse of the database
- Anonymous posts made with little self-verification (need process to resolve)
- Prefer CPSC has more than 5 days to investigate reports
- Request CPSC provide additional time (more than 10 days) for manufacturer to investigate and comment
- Ask CPSC to update website by clearly stating consumer postings have not been independently verified
- Protect our Onesies® brand on any and all postings

Business Opportunities

- Open invitation to visit Gerber Childrenswear facilities.
- Our facilities in the U.S. or overseas are available to you and/or your staff.
- Our employee expertise is available to use for industry guidance.
- Utilize our team to conduct consumer research through our own database which is comprised of:
 - Prenatal moms
 - New moms
 - Experienced moms with children up to 5 years old
 - Gift givers

Gerber® Childrenswear



Gerber.



Caring for the well-being
of our little ones.