

MERCHANTS PAPER COMPANY WINDSOR LIMITED

975 CRAWFORD AVENUE, P.O. BOX 602, WINDSOR, ON N9A 6N4

519.977.9977 / 800.363.1633 / FAX 519.254.5848

WWW.MERCHANTS.CA

August 1, 2019

RE: Labeling of Product To Comply With California Proposition 65

Dear Valued Customer:

The state of California passed Proposition 65 more than 30 years ago in 1986. Proposition 65, also known as the "Safe Drinking Water and Toxic Enforcement Act", was originally intended to prevent the dumping of toxic chemicals into waterways. Over the years, the scope of this California legislation has expanded. Proposition 65 now requires businesses to label products as a way of informing California consumers of items that contain various chemicals. The list of chemicals requiring notice has also expanded over the years from an original handful to more than 1,000 at present.

This is relevant to our marketplace here in southwestern Ontario because many manufacturers sell their products across North America. In order to limit the potential liability that would stem from product that could be marketed in California not being properly labeled, more and more manufacturers are resorting to "universally labeling" all product with contents regulated by Proposition 65. As the scope of the legislation continues to expand and more product components are added to the list of chemicals in question, it is reasonable to anticipate that this standard and labeling will apply to an increasing number of items from an increasing number of manufacturers. **We have started to see this labeling on products that we sell here in southwestern Ontario and are providing this letter to you to explain why and to offer context.**

As of September 1, 2018, the labeling requirement for chemicals subject to Proposition 65 began to mandate that the individual items or packs be labeled rather than simply the outer case (which was the standard prior to September 2018). Additionally, this latest revision to the labeling standard added the requirement to identify: 1) the health risk posed; and 2) the name of the chemical that is subject to Proposition 65 contained in the product.

This labeling can be jarring when one sees it, suggesting that a component of a particular product may cause cancer or lead to other ill effects and listing the name of a chemical that sounds threatening. (A sample image is provided at the end of this letter.) In some cases, this labeling is now being applied to items that Merchants has sold to its customers for many years with no such warnings indicated. We acknowledge the concern that this can cause. The reality is that these warning labels have been put in place for two reasons: 1) to comply with legislation in a specific marketplace where affected products might end up; and 2) to limit liability arising from non-disclosure in that



JANITORIAL SUPPLIES / INDUSTRIAL PACKAGING / SAFETY / FOOD SERVICE / HOSPITALITY / WASHROOM

Since 1941

particular jurisdiction (the state of California) where this legislation is in effect.

The “parts per million” counts of the flagged components is typically miniscule (if present at all) and the likelihood of the identified harm accruing to an end-user from this application is exceedingly low. Albeit with a more extreme message, this labeling can be seen as being akin to the dawn of nutrition labels that were not found on food products a few decades ago or to the marking of a coffee cup to warn that the contents are hot.

The technical staff of the manufacturers of these products are the best resource that we, as the distributor, and you, as the end user, can turn to. Merchants stands by the products that it distributes and the manufacturers with which it has partnered and we are prepared to work with these technical staff to furnish you with answers that you may require. It is also worth mention that the absence of a label on a similar product from another source does not mean that that product is free of the flagged component. Such an absence may simply mean that the manufacturer does not expect its product to end up in California and does not, accordingly, label to California’s standard or, possibly, that the manufacturer is simply not yet in compliance with this labeling standard.

Merchants has been committed to servicing the needs of this community with high quality products from reputable manufacturers for almost 8 decades. We are here to answer questions that may arise from this emerging development and also to assist our customers in finding alternative products where that is suitable for their corporate goals. We thank you for your patience and cooperation as we work our way through this new consideration in our marketplace.

MERCHANTS PAPER COMPANY WINDSOR LIMITED



Allan Cohen, CEO

For more information on Proposition 65 labeling, please visit: <https://www.p65warnings.ca.gov/>

Sample Label:

