

PFAS FAQs FOR NMG BRAND PARTNERS

July 1, 2023

Purpose: The purpose of this document is to educate NMG's brand partners on upcoming PFAS regulations referenced in the communications posted on NMG Ops (www.nmgops.com) and DSCO as well as from your NMG merchandising contact.

Please review the full terms of the letter, a copy of which is available on www.nmgops.com, sent to your attention.

General FAQs:

Q: What are PFAS?

A: PFAS are a large group of thousands of different types of man-made chemicals that have been used since the 1950s. Use of some of these chemicals has decreased in the United States over the last 10 years; however, people can still be exposed to PFAS because they are still present in the environment. PFAS do not break down easily in the environment, and they also build up in the bodies of exposed humans and animals.

The typical functions of PFAS are waterproofing, stain proofing and stain resistance.

Q: What are the PFAS regulations?

A: As you may be aware, at least 11 states in the United States have passed prohibitions on the sale of products containing PFAS, and products that can contain PFAS can occur in such categories as, but not limited to, food packaging, rugs and carpets, juvenile/children's products, textiles, indoor and outdoor upholstered furniture, cosmetics, cookware, leather goods, and countless other consumer products. Some of these laws have already gone into effect, and many will come into effect throughout 2023 and the next several years.

Q: What are the obligations of brand partners to comply with laws, and, in particular, the PFAS regulations?

A: NMG's terms and conditions, which are integrated into each purchase order, require that all merchandise provided by a vendor be in compliance with all applicable law relevant to the jurisdiction where the merchandise may be delivered. In addition, the terms and conditions state that if NMG has made a request for confirmation of compliance with applicable law, no invoice pertaining to the merchandise shall become due or payable until such request is satisfied.

Q: What are the brand partner's obligations to comply with NMG's PFAS requirements?

A: All brand partners are required to notify NMG of any Products that it has supplied, is planning on supplying or has made available for supply to NMG for NMG's use or retail sale if such Product contains any intentionally-added PFAS or PFAS unintentionally present in the Products at or above 50 ppm, as measured in total organic fluorine or any lower threshold, as required by applicable law **by September 30, 2023**. This obligation will be ongoing for all future products that NMG may purchase as well.

Additionally, all brand partners take responsibility for notifying NMG if NMG is not permitted to sell certain products in particular jurisdictions because it is prohibited by law.

Q: What happens if NMG has purchased products from a brand partner, and NMG cannot sell the products because of a legal restriction?

A: NMG shall be entitled to cancel any order for such Products or return such Products to Brand Partner at no cost to NMG. Brand Partner agrees to reimburse NMG the cost of Products that NMG returns to Brand Partner.

Q: What happens if NMG experiences any costs, expenses, litigation or government penalties because the brand partner has failed to comply with the PFAS regulations?

A: Under NMG's terms and conditions, Brand Partner agrees to defend, indemnify and hold NMG harmless, using counsel reasonably chosen by NMG, from any alleged and/or actual violation of PFAS Laws arising from or relating to any Products supplied by Brand Partner to NMG.

Q: How do I get more information about NMG's PFAS requirements?

A: NMG's terms and conditions as well as our requirements relating to PFAS compliance are available on our NMG Ops website (www.nmgops.com). Please continue to check NMG Ops for updates to applicable Brand Partner requirements, policies, and procedures.