



November 22, 2010

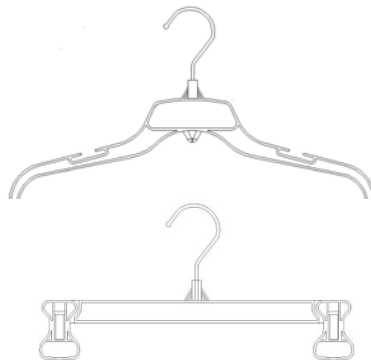
Subject: Proposed Garment Hanger Guideline Change - GOH Metal Hook Hangers from clear to more sustainable color matte black

At a meeting of the VICs Board of Directors held Thursday, October 21, 2010, the Board voted overwhelmingly to move forward with a proposal to change to the current VICs Guideline for GOH metal hook Apparel hangers from clear to a more sustainable color - matte black.

- Black is a sustainable color for hangers, enabling use of recycled materials and reducing natural resource requirements
- The business case presented indicated annual cost reductions across the supply chain
- The base quantity used in the calculations was 2 billion hangers manufactured annually and represented by the most popular top and bottoms hanger

Scope:

- This change would impact clear plastic apparel “Department Store” hangers (with metal hooks). See sample illustrations below.
- The current proposal does not impact infant’s wear and toddlers or intimate apparel hangers – or any hangers specified in the VICs Guidelines as a color other than clear.





Timeline for Guideline Review and Proposed Rollout*

In compliance with the VICs procedures for Guideline Review and Approval, the proposed hanger guideline changes will be distributed soon for public review. During the 60-day public review period, anyone may make comments concerning the proposal.

Date	Activity
November 22, 2010:	Formal Review of Updated Guideline Begins
January 24, 2011	End of 60-Day Review Cycle
February 3, 2011	VICS Board Meeting - Ratify, Revise, or Re-Start Proposed Guideline **
Fall Production Season 2011	Retailers may begin accepting sustainable black hangers
January 1, 2012	Full Cut-Over to sustainable black hanger

* Note: VICs will accumulate all comments and related feedback regarding the announcement. Questions / comments can be addressed to admin@lists.vics.org

** Based on the outcome of the Board of Directors review, VICs will announce the results on the VICs website and newsletter.

Rationale

As a leader in the industry, VICs must take responsibility for providing the membership with a sustainable hanger alternative. We believe that contributing to a more sustainable environment is good business practice and the right thing to do for the future generations. We have the opportunity to make a meaningful difference in improving the environment. We will do so by using resources more efficiently, providing an 'eco-friendly' product that meets expectations and striving to reduce the overall impact on the environment.

Significant sustainability savings result from the conversion to black matte hangers. Refer to the cost savings / environmental impact table below.

Pro's	Con's
<ul style="list-style-type: none"> Black hangers are a more sustainable option as they can be made from the largest pool of recycled resins dramatically reducing the need to rely on 100% new oil resources and drastically reducing the ecological foot print 	<ul style="list-style-type: none"> Appearance of retailers' sales floor during transition – approx. 6 months (mix of clear and black hangers on the selling floor) Current inventories of clear hangers will take time to deplete During the transition, there would be a

<ul style="list-style-type: none"> • Black hangers can be made from a variety of materials such as polypropylene and polystyrene, and other materials and does not limit the raw material source from new or recycled resins • Black hangers work well in both recycling and reuse programs. All programs for reuse and recycling would not be affected • The global market is trending toward black hangers; the hangers in Europe are almost all exclusively black • Black hangers offer an updated selling floor appearance, while being less susceptible to UV and environmental factors that currently impact the appearance of clear hangers • Matte Black Hanger surfaces are less prone to become scratched, which allow for more turns in hanger re-use and further reducing costs 	<p>short-term limit on re-use availability for Black hangers</p>
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Source: VICS Floor Ready Merchandise - Hanger Sub-committee workgroup

Sustainability Analysis / Business Case related to the conversion of Black Garment Hangers (Estimated)

Estimated Annual Cost Savings						Reduced Resin / Reduced Oil Usage	
Style #	Annual Usage of New Clear Hangers Estimated at 2 Billion Pieces	Savings in Cost of Polystyrene Resin vs. Clear	% Savings of Resin Cost	Total Annual Cost Reduction Using Polystyrene resin & 30% Recycled Polystyrene Resin	% Saved of Resin Cost	Total Annual Lbs. of New Clear Resin Consumed	Total Annual Lbs. of Recycled Polystyrene Resin Base on a 30%Blend
484	60%	\$23,295,409	33%	\$26,528,786	38%	78,408,000	23,522,400
6012	40%	\$17,465,020	33%	\$19,889,146	38%	58,784,000	17,635,200
		Estimated Annual Savings		Total Estimated Annual Savings		Total Annual Lbs./Resin Required From Oil	Annual Reduction of Lbs./Resin Required From Oil
		\$40,760,429		\$46,417,932		137,192,000	41,157,600

Note The estimates above were developed by the VICS Floor Ready Merchandise - Hanger Sub-committee workgroup using average material costs and hanger weights. Actual savings calculations are dependent upon specific materials used and supplier/ retailer negotiations.