

CDX Newsletter June 2023

Enhancement updates impacting regulations

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Mitigating PFAS Risks: Unveiling the Importance of Substance Awareness with CDX

As a CDX Team, we place a strong emphasis on transparency and empowering our customers with the knowledge necessary to make informed decisions regarding product safety and sustainability. Today, we want to shed light on the importance of understanding the substances present in your products, particularly per- and polyfluoroalkyl substances (PFAS).

When considering the risks associated with PFAS, the first concern that often comes to mind is regulatory penalties resulting from non-compliance, which may include fines or other consequences imposed by regulators. A recent analysis conducted by Bloomberg Law, examining over 6,400 PFAS-related lawsuits filed in federal courts between July 2005 and March 2022, revealed a concerning trend. More and more lawsuits are now being filed against companies that utilize PFAS chemicals in their processes, products, or both. In fact, since the beginning of 2023, several major companies have already faced PFAS-related lawsuits.

To mitigate this risk, it is crucial for companies to fully grasp which substances fall under the PFAS category and identify their presence within the supply chain. This includes evaluating the materials used in your products, as well as those required for manufacturing processes (Substance in Process). As PFAS requirements are expected to increase in the coming years, manufacturers will likely face growing challenges. Therefore, understanding the risks posed by PFAS in both products and processes is essential to minimize business disruption proactively.

Here's how you can prepare:

1. Access the most relevant PFAS substances: CDX can assist you in obtaining comprehensive data on these substances, positioning you to effectively identify and address potential risks. Leveraging databases such as EPA, OECD, TSCA, EU REACH, Canadian DSL/NDSL, and Japan/China/South Korea Inventories, CDX ensures that you can efficiently screen your Material Data Sheets (MDS) against relevant PFAS substances.
2. Maintain knowledge of your product in the market: By utilizing CDX, you not only enhance your understanding of the substances present in your products but also demonstrate your commitment to supply chain sustainability and responsible business practices. Together, we can navigate the challenges posed by PFAS and work towards a safer and more sustainable future. CDX allows you to easily check PFAS substances against eight distinct substance groups:

CDX Substance Group Name	CDX Substance Group ID
Perfluorohexane-1-sulphonic acid and its salts	640
PFOS and derivatives	51
PFCAs, salts and related compounds	1120
PFHxA, salts and related compounds	1121
Perfluorononanoic acid and its sodium and ammonium salts	847
Perfluorobutane sulfonic acid (PFBS) and its salts	820
Nonadecafluorodecanoic acid (PFDA) and its sodium and ammonium salts	600
Per and Poly- fluoroalkyl substances (PFAS)*	1122
PFHxS, salts and related compounds	1200

* The CDX PFAS group 1122 should contain all substance from the other groups.

Table 1. PFAS substances groups in CDX

3. Understand the substances used in your manufacturing process: CDX's latest enhancements make it incredibly easy to collect information about substances used in the manufacturing process. Starting from CDX release 8.1, the application now supports the management of substances used during the manufacturing process of a product, allowing for effective differentiation and clarity while focusing on the final product.

At CDX, we are dedicated to equipping you with the tools and knowledge needed to navigate the complexities of PFAS risks. By taking proactive measures and utilizing our platform, you can stay ahead of regulatory requirements, protect your business, and contribute to a more sustainable future.

What's new in Conflict Minerals Reporting Template (CMRT) 6.31 ?

We are excited to inform you that starting June 1st, CDX now supports the most recent version of the RMI Conflict Minerals Reporting Template (CMRT) - [CMRT 6.31](#). Released by the Responsible Minerals Initiative (RMI) on May 26th, 2023, this update brings several enhancements and improvements to the template.

The key updates in CMRT 6.31 include minor revisions to correct reported issues including those related to "Declaration", "Smelter List", and "Smelter Look-up" tabs

Additionally, the changes that were made on CMRT v. 6.3 (released May 5, 2023) include:

- Corrections of all reported bugs and errors
- Updates to tips on the Instructions tab
- Enhancements that are in line with IPC-1755A without conflicting with it
- Updates to ISO short names for countries, states, and provinces
- Updates to Smelter Reference List and Standard Smelter List

The new CMRT is a powerful tool for collecting up-to-date conflict minerals data and improving overall data collection within your supply chain. By exclusively utilizing the new CMRT, you ensure that your Form SD filings for the SEC accurately reflect data received in the current year after May 26, 2023, demonstrating the necessary due diligence required for a reasonable country of origin inquiry (RCOI).

The screenshot displays the CDX Compliance Data Exchange (CDX) web application interface. The top navigation bar includes 'CMD', 'Functions', 'Administration', 'System Admin', and 'Help'. Below this, a secondary navigation bar shows 'CMD Search', 'Details *', 'Supplier data *', 'Recipient data *', and 'CMD Request'. The 'Details' tab is selected, showing a 'Details' section with a 'Common Information' subsection. The 'Common Information' section contains the following fields: 'Type' (Conflict Minerals Declaration), 'Template version' (6.31), 'Declaration Scope' (a dropdown menu), 'Description of Scope' (a text area), 'Supplier' (CDX Service Team (Germany)), and 'Name' (CMRT-6.31_20230602). A 'Dates' section is also visible at the bottom of the 'Details' tab.

Figure 1. Developing a new Conflict Minerals Declaration (CMD) using the CMRT 6.31 version as a basis.

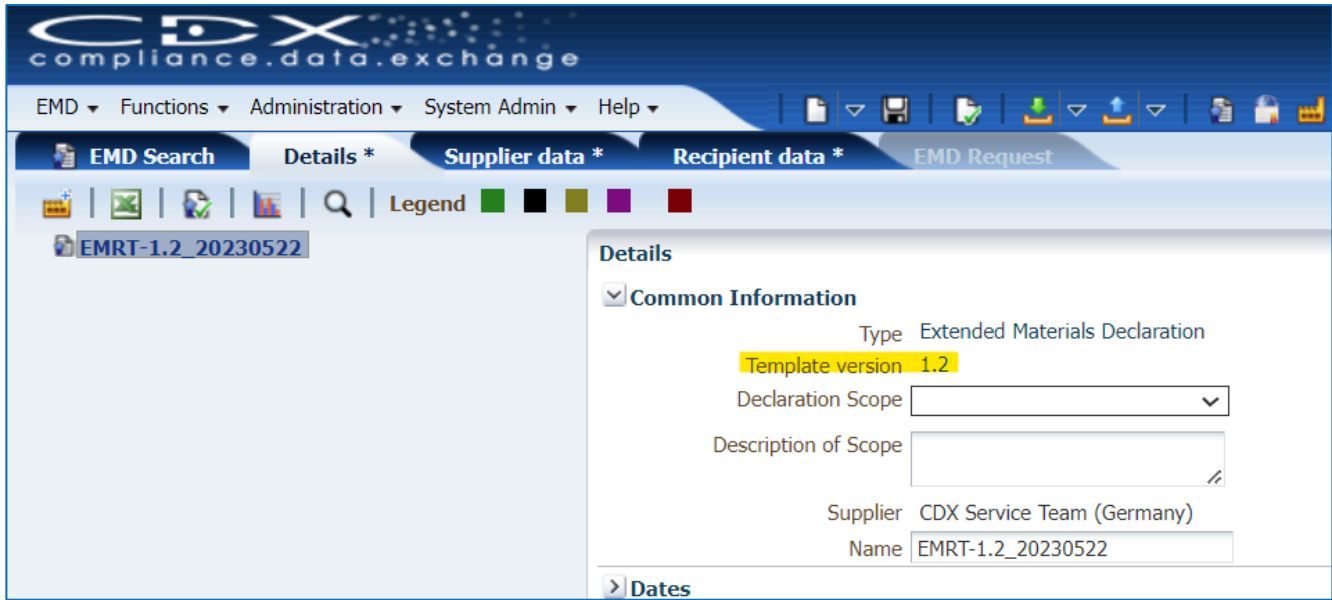
New Extended Minerals Reporting Template (EMRT) 1.2 Released

The Responsible Minerals Initiative (RMI) has been actively engaged in May, and alongside the release of CMRT, they have also published EMRT 1.2, the Extended Minerals Reporting Template. We are excited to inform you that starting May 17th, CDX now supports the latest version of the RMI EMRT ([EMRT 1.2](#)).

The EMRT forms are designed to streamline the exchange of due diligence information regarding the presence of cobalt and mica in supply chains. They have been developed in accordance with the [the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas](#). EMRT 1.2 brings important improvements, including bug fixes, error corrections, and updates to the Smelter Reference List and Standard Smelter List.

Figure 2. Developing a new Extended Materials Declaration (EMD) using the EMRT 1.2 version as a basis.

In addition to EMRT 1.2, the RMI has also released an [EMRT Completion Guide](#). Both the new EMRT 1.2 form and the Completion Guide can be downloaded from RMI website. We strongly recommend using EMRT version 1.2 for your current reporting year declarations. Please note that the next version of EMRT is expected to be released in Spring 2024. The initial

The screenshot displays the CDX Compliance Data Exchange web application. The top navigation bar includes 'EMD', 'Functions', 'Administration', 'System Admin', and 'Help'. Below this, a secondary bar contains 'EMD Search', 'Details *', 'Supplier data *', 'Recipient data *', and 'EMD Request'. A search bar with a magnifying glass icon is present, followed by a 'Legend' section with colored squares. The main content area is titled 'EMRT-1.2_20230522'. On the right, a 'Details' panel is open, showing 'Common Information' with a checked checkbox. The 'Type' is 'Extended Materials Declaration', and the 'Template version' is '1.2'. The 'Declaration Scope' is a dropdown menu, and the 'Description of Scope' is a text input field. The 'Supplier' is 'CDX Service Team (Germany)' and the 'Name' is 'EMRT-1.2_20230522'. A 'Dates' section is partially visible at the bottom.

version of the EMRT form was introduced in October 2021.

The EMRT consolidates the Cobalt Reporting Template (CRT) and Mica Reporting Template (MRT) into a single template. The RMI advises using the EMRT form for reporting on cobalt and mica suppliers, as the CRT and MRT templates were phased out in March 2022. The goal was to alleviate industry burden by reducing the number of templates required for due diligence on responsible minerals sourcing in the supply chain.

What is the difference between the CMRT and the EMRT?

EMRT and CMRT have been developed to gather information from the supply chain in order to determine country of origin, identify smelters, and disclose results to upstream stakeholders. However, it is important to note that they have fundamental differences. The key distinction between the CMRT and the Extended Minerals Reporting Template (EMRT) lies in the minerals they cover. While the CMRT focuses on reporting conflict minerals (the 3TG: tin, tungsten, tantalum, and gold), the EMRT is specifically designed for extended minerals such as cobalt and mica.

Another noteworthy difference is that completing the CMRT is mandatory for companies obligated to report on conflict minerals, whereas the EMRT is used for voluntary reporting on extended minerals. Companies that choose to complete EMRTs go

beyond what is required to fulfill their supply chain due diligence obligations, often driven by sustainability goals and the desire to safeguard their brand reputation. The CMRT serves as a tool to facilitate data exchange for compliance with Section 1502 of the Dodd-Frank Act and the Conflict Minerals Regulation in the EU (2017/821), whereas the EMRT is currently not subject to regulatory requirements.

Nevertheless, many manufacturers have already implemented chain of custody due diligence practices in alignment with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs), despite the absence of specific regulations. Manufacturers are extending their expectations to their supply chain, emphasizing the importance of conducting business in accordance with responsible minerals sourcing

CDX – One Solution for Conflict Minerals and Extended Minerals Compliance

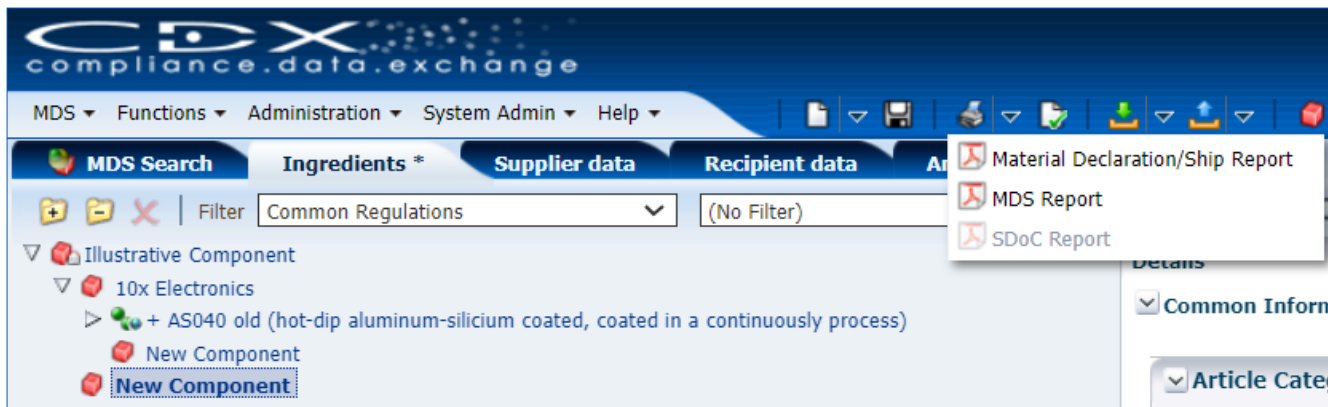
Stay up to date with Conflict Minerals and Extended Minerals obligations with Compliance Data Exchange (CDX). CDX will help you to empower your value chain to effectively manage compliance requirements while ensuring transparency and accountability. Here's how CDX can benefit your company:

- **Centralized Data Management:** Gain access to CDX's centralized platform for efficient collection, organization, and analysis of Conflict Minerals and Extended Minerals data. This streamlined approach saves time and resources, allowing you to focus on compliance.
- **Template Support:** CDX supports the latest reporting templates, such as the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT). By utilizing CDX, you guarantee the use of up-to-date templates and collect accurate, comprehensive data.
- **Real-Time Compliance Information:** CDX offers a real-time environment where you can access the most current compliance information from your suppliers. Stay informed about updates, changes, and new requirements in Conflict Minerals and Extended Minerals reporting to ensure ongoing compliance.
- **Supplier Connectivity:** Seamlessly connect and communicate with your suppliers using CDX, facilitating efficient data exchange. Collaborate with your suppliers, request necessary information, and ensure transparency throughout the supply chain.
- **Due Diligence:** Maintain responsible sourcing and track your reports with CDX, enabling you to demonstrate compliance and fulfill reporting obligations.
- **Unlock the power of Extended Minerals as an add-on to your Conflict Minerals Module – a winning combination for comprehensive mineral analysis!**

Elevate your company's compliance disclosures with CDX. [Request a demo](#) now to discover how CDX can effectively manage your Conflict Minerals and Extended Minerals obligations. Stay compliant, well-informed, and ensure responsible mineral sourcing practices with CDX, your reliable source for the latest and most accurate compliance information.

Streamlining Compliance: CDX Enhances Material Declaration/Ship Report for HKC and EU-SRR Regulations

The Hong Kong Convention (HKC), adopted in May 2009, serves as a crucial framework to ensure that ships undergoing recycling at the end of their operational lives do not pose risks to human health, safety, or the environment. Developed with input from various organizations, including IMO Member States, non-governmental organizations, the International Labour



Organization, and the Parties to the Basel Convention, the HKC encompasses a comprehensive set of regulations governing ship recycling practices.

These regulations address key aspects such as the design, construction, operation, and preparation of ships, with the primary goal of enabling safe and environmentally sound recycling processes while upholding safety and operational efficiency standards. Notably, ships destined for recycling are mandated to carry an Inventory of Hazardous Materials (IHM) tailored to each vessel's specific composition. To support this, the HKC includes an appendix containing a list of hazardous materials prohibited or restricted in shipyards, ship repair yards, and ships belonging to the Convention's Parties.

In addition to the HKC's established list, it's important to consider the provisions outlined in EU Regulation 257/2013. This regulation introduces two additional hazardous substances, namely perfluorooctane sulfonic acid (PFOS) and the brominated flame retardant hexabromocyclododecane (HBCDD). While these substances are part of the EU regulation, they are not currently included in the HKC.

Figure 3. Generating a Material Declaration/Ship Report for the MDS.

The CDX Team has recently introduced significant enhancements to the Material Declaration/Ship Report, focusing on ensuring seamless compliance with relevant regulations. These updates include a comprehensive restructuring that distinctly separates Table A and Table B from Appendix 1 and 2 of the HKC. The primary objective of this separation is to facilitate a clear differentiation between the specific requirements outlined by the HKC and those pertaining to PFOS and HBCDD, which are governed by the European Union Ship Recycling Regulation (EU-SRR).

Unlock the potential of CDX and experience a seamless workflow as CDX empowers you to navigate the complexities of regulatory compliance with ease. By utilizing this cutting-edge platform, you can streamline the reporting process, saving valuable time and resources. Whether it's aligning with the HKC or adhering to the EU-SRR, CDX provides a user-friendly interface that simplifies the task of generating accurate and detailed reports. It's as simple as searching for the respective Material Declaration Sheet (MDS) and generating the Material Declaration/Ship Report.

Table	Material name	Threshold level	Present above threshold level	If yes, material mass		if yes, information on where it is used
			Yes/No	Mass	Unit	
Table A ¹ (Materials listed in appendix 1 of the Annex to the Convention)	Asbestos	0.1 %	No			
	Polychlorinated biphenyls (PCBs)	50 mg/kg	No			
	Ozon depleting substance	no threshold level	Chlorofluorocarbons (CFCs)	No		
			Halons	No		
			Other fully halogenated CFCs	No		
			Carbon tetrachloride	No		
			1,1,1-Trichloroethane	No		
			Hydrochlorofluorocarbons	No		
			Hydrobromofluorocarbons	No		
			Methyl bromide	No		
			Bromochloromethane	No		
	Anti-fouling systems containing organotin compounds as a biocide	2,500 mg/kg	No			

Table	Material name	Threshold level	Present above threshold level	If yes, material mass		if yes, information on where it is used
			Yes/No	Mass	Unit	
Table B ¹ (Materials listed in appendix 2 of the Annex to the Convention)	Cadmium and cadmium compounds	100 mg/kg	No			
	Hexavalent chromium and hexavalent chromium compounds	1,000 mg/kg	No			
	Lead and lead compounds	1,000 mg/kg	No			
	Mercury and mercury compounds	1,000 mg/kg	No			

	Polybrominated biphenyl (PBBs)	50 mg/kg	No			
	Polybrominated diphenyl ethers (PBDEs)	1,000 mg/kg	No			
	Polychloronaphthalenes (Cl >=3)	50 mg/kg	No			
	Radioactive substances	no threshold level	No			
	Certain shortchain chlorinated paraffins	1 %	No			

Table	Material name	Threshold level	Present above threshold level	If yes, material mass		if yes, information on where it is used
			Yes/No	Mass	Unit	
Annex II ² (Additional Materials)	Perfluorooctane sulfonic acid (PFOS) and its derivatives ³	10 mg/kg ⁴	No			
	Brominated Flame Retardant (HBCDD) ⁵	100 mg/kg	No			

Figure 4. Material Declaration/Ship Report template

Stay Informed: Recent Updates to the Global Automotive Declarable Substance List (GADSL) and Rail Industry Substance List (RISL)

We are delighted to announce that [the Rail Industry Substance List \(RISL\)](#) and [Global Automotive Declarable Substance List \(GADSL\)](#) have received the latest updates, released on January 23, 2023, and March 3, 2023, respectively. These updated lists are available on CDX, offering valuable resources for industry professionals.

The primary objective of these substance lists is to promote responsible management and handling of substances within their respective industries. Emphasizing safety, sustainability, and risk reduction, these lists empower professionals to make informed decisions regarding the use, storage, transportation, and disposal of substances involved in industry activities.

The RISL and GADSL serve as comprehensive inventories of substances commonly encountered or utilized in the rail and automotive sectors. They encompass substances identified as potentially hazardous, regulated, or restricted due to concerns related to safety, health, and the environment. Manufacturers, suppliers, and operators within these industries rely on these lists as essential references to ensure compliance with relevant regulations and standards.

Compliance Data eXchange (CDX) provides valuable support in streamlining operations, improving data accuracy, and effectively managing compliance requirements. By harnessing the power of CDX, industries gain the ability to proactively

monitor, report, and make well-informed decisions, leading to the cultivation of safer and more sustainable practices within their respective sectors.

The Power of Advance Notice: Why Sending a Heads-Up Email to Suppliers Is Vital for Successful Data Collection Campaigns

In CDX, we recognize the importance of ensuring a high response rate and maintaining the quality of data. Companies should actively encourage their suppliers to understand and emphasize the significance of complying with evolving global environmental regulations and meeting the increasing demands from customers. By highlighting the value and benefits that compliance brings to the entire supply chain, suppliers will be more inclined to respond promptly and provide accurate data.

One effective way to achieve better supplier engagement is by sending a heads-up letter or email from your company Upper Management before initiating a data collection campaign in CDX. This step is vital and can greatly benefit your company. By providing advance notice, you establish transparency, trust, and effective communication with your suppliers. This proactive approach allows suppliers to prepare themselves, allocate necessary resources, and make adjustments to seamlessly meet your data collection requirements. It ensures that both parties are aligned and minimizes potential misunderstandings or disruptions during the campaign.

Valuing the importance of a heads-up email demonstrates professionalism and fosters a collaborative and cooperative relationship with your suppliers. This approach ultimately leads to a successful and efficient data collection process.

At CDX, we understand these needs, which is why we have created two heads-up email templates for [Material Declaration](#) and [Conflict Minerals Declaration](#) data collection. These templates are publicly available on your CDX system website and can be used as a starting point for your communications with suppliers.

Simplify Compliance Data Management: Partner with Anthesis and CDX Platform

Lastly, we would like to take this opportunity about our partnership with Anthesis.

Through their collaboration with DXC and their extensive expertise, Anthesis provides comprehensive Business Process Operation (BPO) services under the umbrella of your CDX license contract. This ensures a seamless and efficient compliance data collection process. Whether you require long-term support for fully or partially outsourced business processes, Anthesis has the flexibility to adapt to your needs.



Now, let's delve into some of the key tasks that Anthesis can handle, which may be of interest to you:

- **Full Supplier Campaign Management:** Anthesis takes complete charge of the supplier campaign process. This includes preparing master data in CDX, launching campaigns, and closely monitoring their progress. They also provide personalized follow-ups with suppliers to ensure a smooth and successful campaign.
- **Inbound Data Validation:** The Anthesis team meticulously validates all inbound data submissions, focusing on accuracy and completeness. They diligently follow up on any rejected submissions, ensuring that all necessary compliance data is captured.
- **Data Mining:** Leveraging their expertise and available resources, Anthesis conducts thorough data mining activities. They analyze manufacturer data, drawings, and homogeneous materials to extract the required compliance information. Additionally, they assist in transforming unstructured supplier data, such as PDF documents, into the structured IPC1752A data format.
- **Data Analysis:** Anthesis conducts comprehensive sanity checks on material declarations, facilitating the approval or rejection process. They maintain ongoing monitoring of supplier performance, ensuring timely responses and high-quality data submissions.

- **Supplier Training and Support:** Anthesis values strong supplier relationships and offers regular training sessions to address technical and regulatory questions. Their support extends to catering to different time zones and providing assistance in local languages.
- **Escalation Management:** In cases where suppliers become unresponsive, Anthesis takes proactive measures. They escalate the issue, engaging the purchasing division when necessary, to ensure prompt resolution and maintain a smoothly functioning supply chain.

Join our community of customers who trust our collaboration with Anthesis and experience increased supplier response rates. Optimize your compliance data collection processes and achieve efficient supply chain management with Anthesis's expertise and the robust capabilities of the CDX platform. Streamline your operations and focus on your core business objectives confidently. For more information, please contact Wolfgang Wick us at Wolfgang.Wick@anthesisgroup.com.

Thank you for taking the time to read this newsletter. We hope you have found it to be informative and helpful. If you have any questions or concerns about these changes, please do not hesitate to contact us at cdx-info@dxs.com.