

DXC CDX WEBINAR | March 12, 2025

How California's Prop 65 Requirements Affect Companies Worldwide

Understanding the Updated Rules
and Their Impact on Your Products



DXC at a glance

\$13.7B

FY24 revenue

60+

years of innovation delivering mission-critical systems for customers

125,000+

employees worldwide

70+

countries

200+

partner ecosystem with best-of-breed partners

200

customers in the Fortune 500

AA

rating from MSCI for outstanding ESG performance ([disclaimer](#))

#294

in the 2024 Fortune 500

CDX at a glance

In Business since 2011

DXC leveraged the lessons learned while providing IMDS to create CDX

30,000+

Chemical Abstract System (CAS) substances found in common products

10,000+

Of standard metals with compositions and norms

Compliance & Privacy Certifications

- ISO 9001 Quality Management
- ISO/IEC 27001 Information Security Management
- ISO 50001 Energy Management
- SOC1 & SOC2
- TiSAX

Memberships

CDX is an active member and partner of several international associations, where we work closely with various industry players to ensure the best use of our products.

11.6k+

Companies
registered

40.3k+

Active users

~1MM

Material
Declaration
Sheets (MDSs)

50.5k+

Conflict Minerals
Declarations
(CMDs)

CDX
compliance.data.exchange

Enhance compliance by
streamlining data and reducing
manual effort



Speaker Introduction

Chuck LePard

Executive Consultant, IMDS & CDX Americas Representative

Chuck.Lepard@dxc.com

[LinkedIn Profile](#)

- **Degrees in Electrical & Computer Engineering and Computer Science**
- **Honorable Discharge, United States Navy**
- **40 Years EDS/General Motors/Hewlett Packard/HPE / EntServ / DXC**
- **Decades of plant floor and engineering experience in related areas**
- **Advisor to multiple manufacturing industry groups**
 - Automotive Industry Action Group, International Aerospace Environmental Group,
 - Association of Equipment Manufacturers, Responsible Materials Initiative
- **Leader in Standards Development organizations**
 - American National Standards Institute (ANSI), International Standards Organization (ISO) Technical Committee TC-111 on Environmental Sustainability Data Exchange
 - IPC 2-18 175x family for Product Declaration and Compliance reporting



Speaker Introduction

Monika E. Kotkowska

Senior CDX Consultant / Regulatory Product Compliance Expert

Monika.Kotkowska@dxc.com

[LinkedIn profile](#)

- Specializes in Regulatory Product Compliance, ESG, and Chemical Management Solutions
- Currently pursuing a Master of Business Administration (MBA) with a focus on ESG topics
- Certified Agile and PRINCE Project Manager.
- Holds a Master's degree in Chemistry and Engineering from the University of Technology in Wroclaw, Poland.
- Over a decade of experience in diverse regulatory RA.
- Actively involved in IAEG, AIAG, and more recently, AEM.
- Outside of work, a true travel backpacker at heart.



Agenda

- 1 At a glance
- 2 Evolution
- 3 Warning Requirements
- 4 What mean to your business
- 5 How to comply and avoid financial risk
- 6 Live demonstration of the CDX
- 7 Q&A session

California Proposition 65: At a glance

Protecting Public Health Through Chemical Awareness

➔ **The Safe Drinking Water and Toxic Enforcement Act**

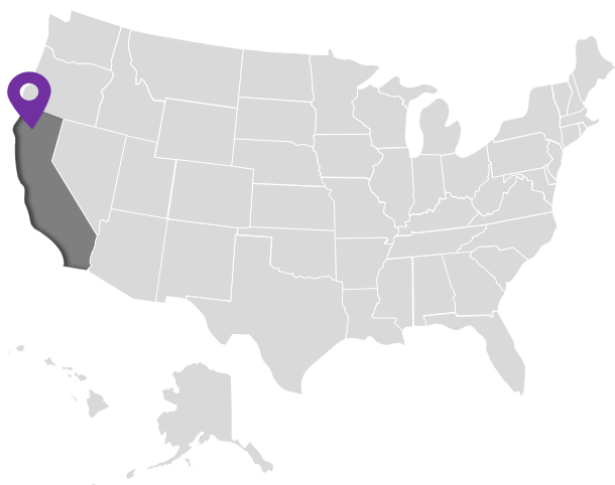
1986 Introduced in the state of California

OEHHA Administered by the California **O**ffice of **E**nvironmental **H**ealth **H**azard **A**ssessment

Why Purpose is to protect the public health of Californians by reducing exposure to harmful chemicals and helping consumers make informed purchasing decisions.

Goals

- Workers have been notified and educated on the hazardous substances appeared on Prop 65 list of chemicals
- Workers received protection from chemicals & plan of action for improper handling of chemicals
- Helped customers and businesses steer their processes in environmentally conscious direction



~ 640
Chemicals cause cancer

~ 340
Chemicals cause reproductive toxicity

~ 1000
Chemicals on a list currently

Warning labels on products



To inform Californians about exposure to specific chemicals known to cause cancer, birth defects, or other reproductive harm.

California Proposition 65: Evolution

From Inception to Modern Protection Standards

Foundation ➤

November 4, 1986

- Proposition 65 enacted as California state law
- Passed by direct voter initiative (63%-37% margin)

February 27, 1988

- “Clear and reasonable” warning requirements implemented
- Initial list included **235** chemicals

May 7, 2013

- Gov. Brown announced his proposal to reform California Prop 65 “to improve the law so it can do what it was intended to do – protect Californians from harmful chemicals”

Evolution ➤

August 30, 2016

- OEHHA adopted new regulations
- Introduced new website: www.P65Warnings.ca.gov
- Two-year transition period

August 30, 2018

- Updated warning statements and short-form warning options
- Requirement to include at least one chemical name in standard warnings
- Introduction of a triangle warning symbol
- Requirement to provide the OEHHA Prop 65 website URL
- Mandate for multi-language warnings if product information is in other languages

Modernization ➤

December 6, 2024

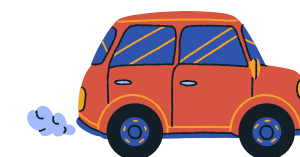
- OEHHA adopted rules to the new short-form content

January 1, 2025

- Improve the informativeness of short-form warning
- Must include at least one chemical name
- make explicit safe harbor status for short-form warning content on food products.
- Introduced new tailored safe harbor warnings for passenger or off-highway motor vehicle parts, recreational marine vessel parts.
- Three-year transition period until 2028

January 1, 2028

- Full implementation, all product manufactured and labeled must include new label.



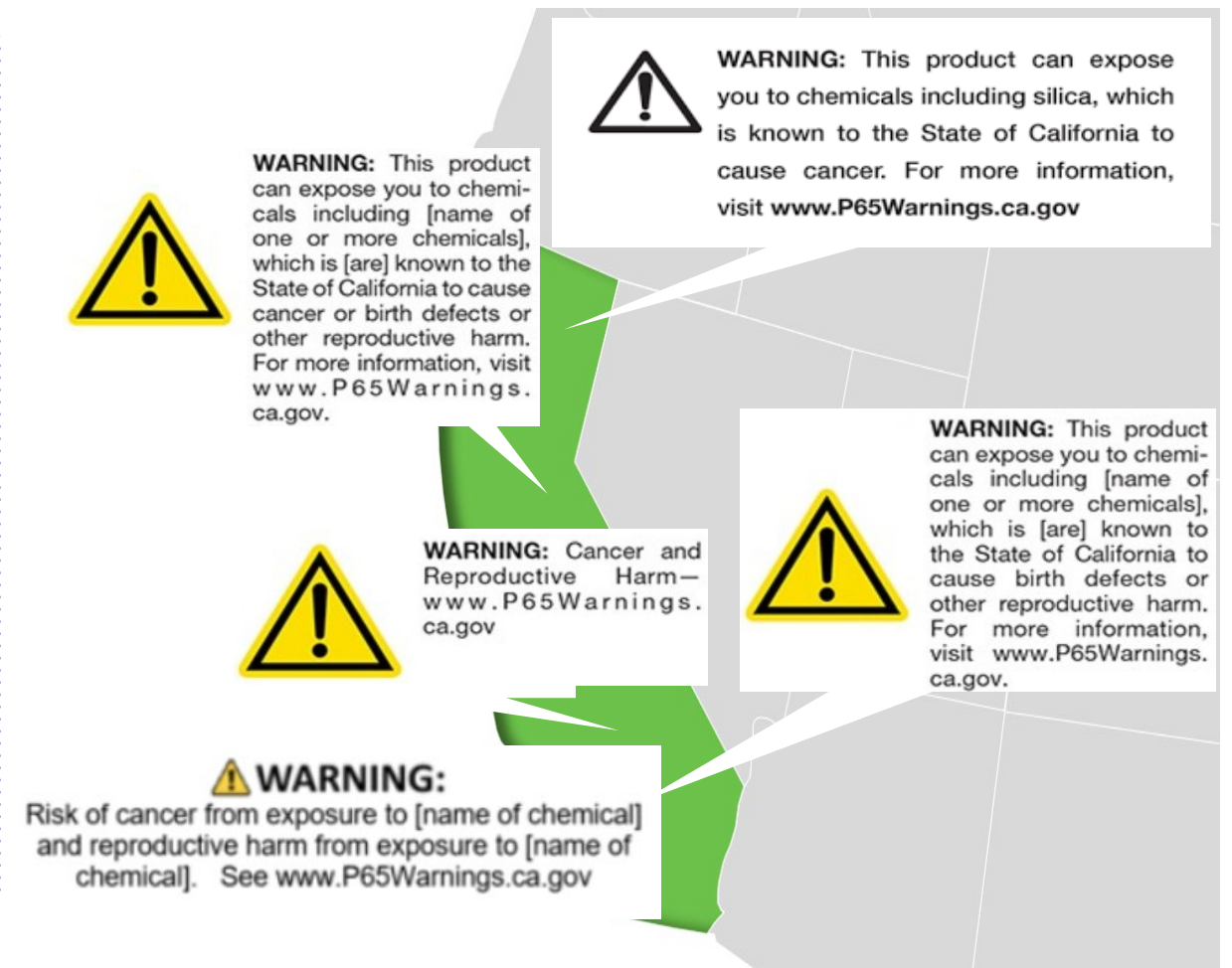
California Prop 65: Warnings Requirements

General Warning Requirements

Proposition 65 requires businesses to **provide “clear and reasonable”** warnings that are easily visible and understandable to consumers and employees when products contain state-listed carcinogens or reproductive toxins

Business **can develop their own** “clear and reasonable” warnings, but it needs to include the following:

- A black exclamation point in yellow triangle with bold black outline (left-aligned, matching text height) (Not applicable for consumer products such as food, alcohol beverages)
- One of these terms: "WARNING," "CA WARNING," or "CALIFORNIA WARNING"
- At least one listed chemical name (mandatory for all since January 2028)
- Link to www.P65Warnings.ca.gov
- Multi-language warnings when applicable
- Requires warnings in languages other than English in some cases
- **Note:** The previous requirement regarding warning type size being no smaller than the largest type size used for other consumer information **is no longer applicable.**



California Prop 65 Warning Requirements for Internet Purchase

Online Compliance Guidelines

- **Provide a “clear and reasonable” warning to the purchaser prior to or during the purchase** of the consumer product, without requiring them to seek it out.
- **Display Methods:**
 - Include a warning on the product display page
 - Use a clearly marked hyperlink with the words "WARNING," "CA WARNING," or "CALIFORNIA WARNING" on the product page, linking to the full warning
 - Display the warning prominently to the purchaser before completing the purchase
- **Accessibility:** Ensure the purchaser does not need to search for the warning in the general content of the website.
- **Compliance Period:** Internet retailers have a 60-day grace period to update online short-form warnings when notified of new warning content, during the three-year transition period.
- **Official Resource:** Provide the Internet address for OEHHA's Proposition 65 warnings website.

Review Order

By submitting your order, you agree to our [terms and conditions](#).



Retro Cast Iron Outdoor Fire Pit with Spark Screen
ITEM# 28465857
Quantity: 1
\$124.00

Standard FREE
Delivery Estimate of Tuesday, September 11, 2018



WARNING: Attention California residents: This product can expose you to chemicals including Lead, which is known to the State of California to cause cancer and birth defects or other reproductive harm.
www.P65Warnings.ca.gov

Submit Order

Order total: \$135.78
By submitting your order, you agree to our [terms and conditions](#).

California Proposition 65: Comprehensive Warning Label Guide

Understanding Safe Harbor Warning Requirements and Label Format Options (2024-2028)

Feature	Long Form	Short Form (Old)	Short Form (New)
Warning Symbol			
Chemical Name	Required	Not Required	Required
Warning Text	"WARNING: This product can expose you to chemicals including [name of one or more chemicals], which is [are] known to the State of California to cause [cancer and/or birth defects or other reproductive harm]. For more information, visit www.P65Warnings.ca.gov ."	"WARNING: [Cancer and/or Reproductive Harm] - www.P65Warnings.ca.gov "	"WARNING: Risk of [cancer and/or reproductive harm] from exposure to [name of chemical]. See www.P65Warnings.ca.gov ."
Implementation	Standard	Grandfathered	Current standard
Transition Period	N/A	Unlimited if manufactured/labeled before or during 3-year transition period (before Jan 1, 2028)	3 years to transition
Additional Requirements	- Include "WARNING," "CA WARNING," or "CALIFORNIA WARNING" - Website: www.P65Warnings.ca.gov - Multi-language warnings when applicable	- A word "WARNING" - Website: www.P65Warnings.ca.gov	- Can be used immediately upon adoption - Include "WARNING," "CA WARNING," or "CALIFORNIA WARNING" - Website: www.P65Warnings.ca.gov

California Prop 65: What are the Restriction Limits ?

The act is not a restriction on substances in products, but companies must inform Californians whether they are exposed to chemicals above the limit.

Safe Harbor Level

No Significant Risk Levels (NSRLs)

No Significant Risk Levels for chemicals listed as **causing cancer**



Maximum Allowable Dose Levels (MADLs)

Maximum Allowable Dose Levels for chemicals listed as causing **birth defects or other reproductive harm**



A safe harbor level identifies a level of exposure to a listed chemical that **does not require a warning**



Safe Harbor Level is measured in $\mu\text{g}/\text{day}$ and must consider all exposure routes i.e., inhalation, oral, intravenous, dermal...



OEHHA has established more than **330** chemicals have safe harbor levels

A business does not need to provide a warning if exposure to a chemical occurs at or below these levels

California Prop 65: Exemptions and Special Consideration

Key Exemptions and Qualifying Conditions for Prop 65 Requirements

- **Safe Harbor Level:** For chemicals causing reproductive toxicity, no warning is necessary if exposure remains below Safe Harbor level
 - A business is exempt from providing a warning if it can demonstrate that the anticipated exposure level will not pose a significant risk of cancer or reproductive harm.
 - Businesses seeking exemptions should maintain comprehensive documentation supporting their claims.
 - No warning is required if exposure to a chemical remains at or below specified levels determined by the business.
- **Small Businesses:** Small businesses with fewer than 10 employees
- **Governmental Agencies and Public Water Systems**
- **Naturally Occurring Chemicals:** Products that have naturally occurring chemicals or products containing chemicals that fall below the maximum safety level
 - Citrus fruits and tomatoes
- **Benefit to Public Outweighs Risk:** Businesses can apply for exemption by demonstrating that the public benefit from the chemical's use outweighs the potential risk of harm.
- **Business-to-business transactions**



California Prop 65: What it means to your business

Supply Chain Compliance & Warning Responsibilities

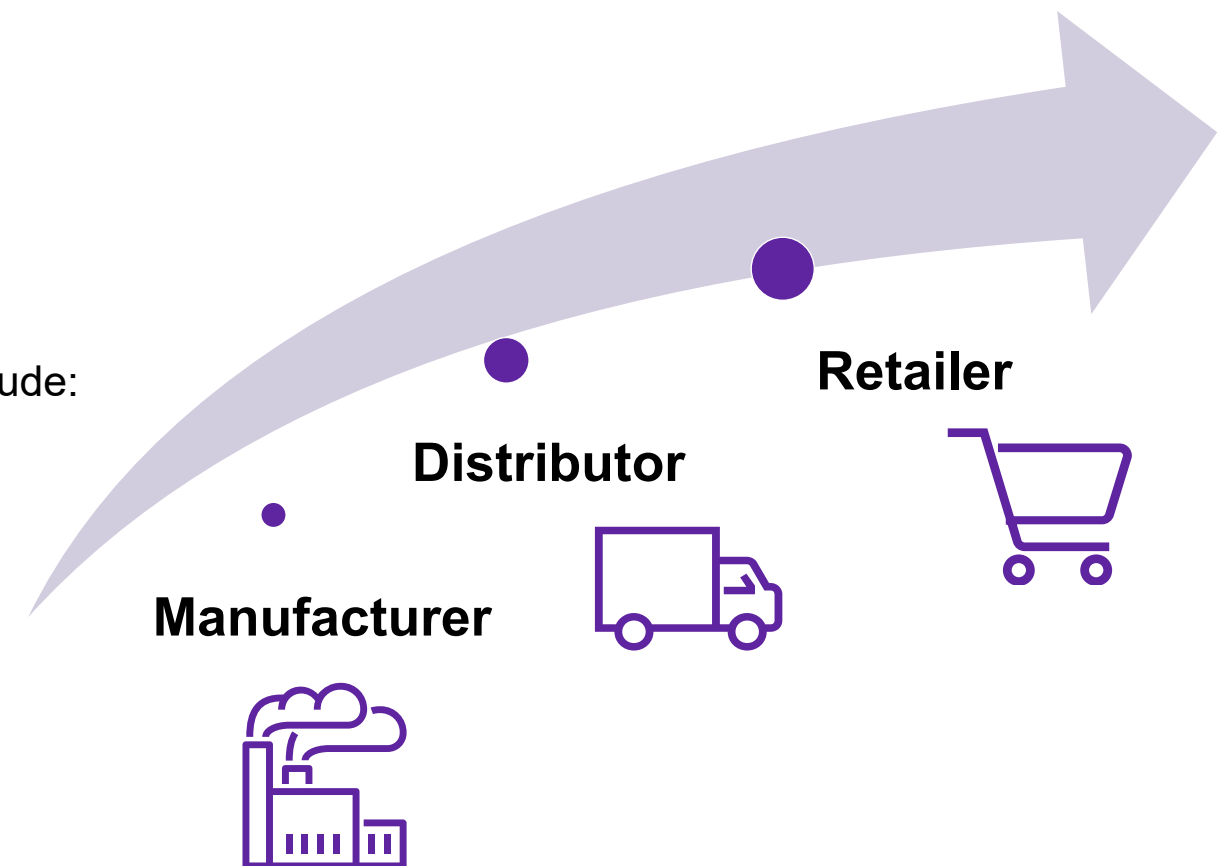
Primary Responsibility: Manufacturers, distributors, and retailers must work together to ensure that appropriate consumer warnings are in place for products containing listed chemicals.

Manufacturers and distributors hold the primary responsibilities for compliance with warning requirements:

- Determine whether their products require a Prop 65 warning
- Once a warning is deemed necessary, they are responsible for effectively communicating this to retailers.
- Must send a written notice to the "authorized agent" of a retailer, which should include:
 - A clear description of the product requiring a warning.
 - Warning labels or materials to be used by the retailer.

Retailers ensure compliance once they receive notice from manufacturers or distributors:

- Must confirm, in writing, that they have received the Prop 65 notice and associated warning materials.
- Must ensure the warnings are displayed to consumers, either through product labels, signage, or online notifications, as specified in the notice.



Why Proposition 65 impact extends beyond California

California's 2024 GDP = \$4.1 trillion.

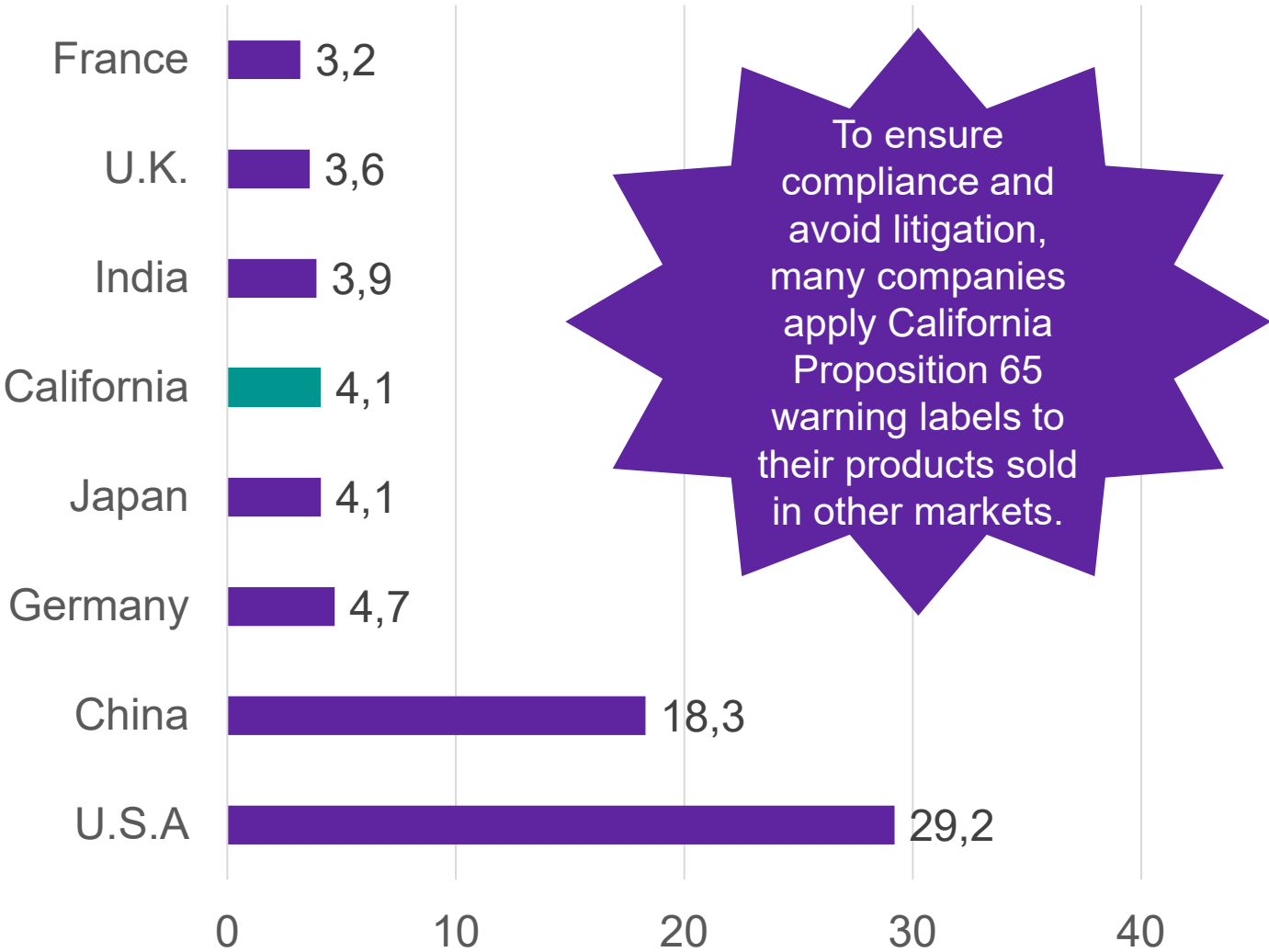
Only **4 countries** have a greater Gross Domestic Product

- California's accounts for about 14% of the US GDP.
- California's per capita GDP is higher than all other large economies except the US overall
- California's economy has grown faster than the US economy overall over the past 25 years.
- California's long-term economic growth per capita has outpaced most nations and all other large U.S. states

Nominal Global Largest GDP for 2024 (Source):

US:	\$29.2 Trillion (IMF)
China:	\$18.3 Trillion (IMF)
Germany:	\$ 4.7 Trillion (IMF)
Japan:	\$ 4.1 Trillion (IMF)
California:	\$ 4.1 Trillion (BEA)
India:	\$ 3.9 Trillion (IMF)
UK:	\$ 3.6 Trillion (IMF)
France:	\$ 3.2 Trillion (IMF)

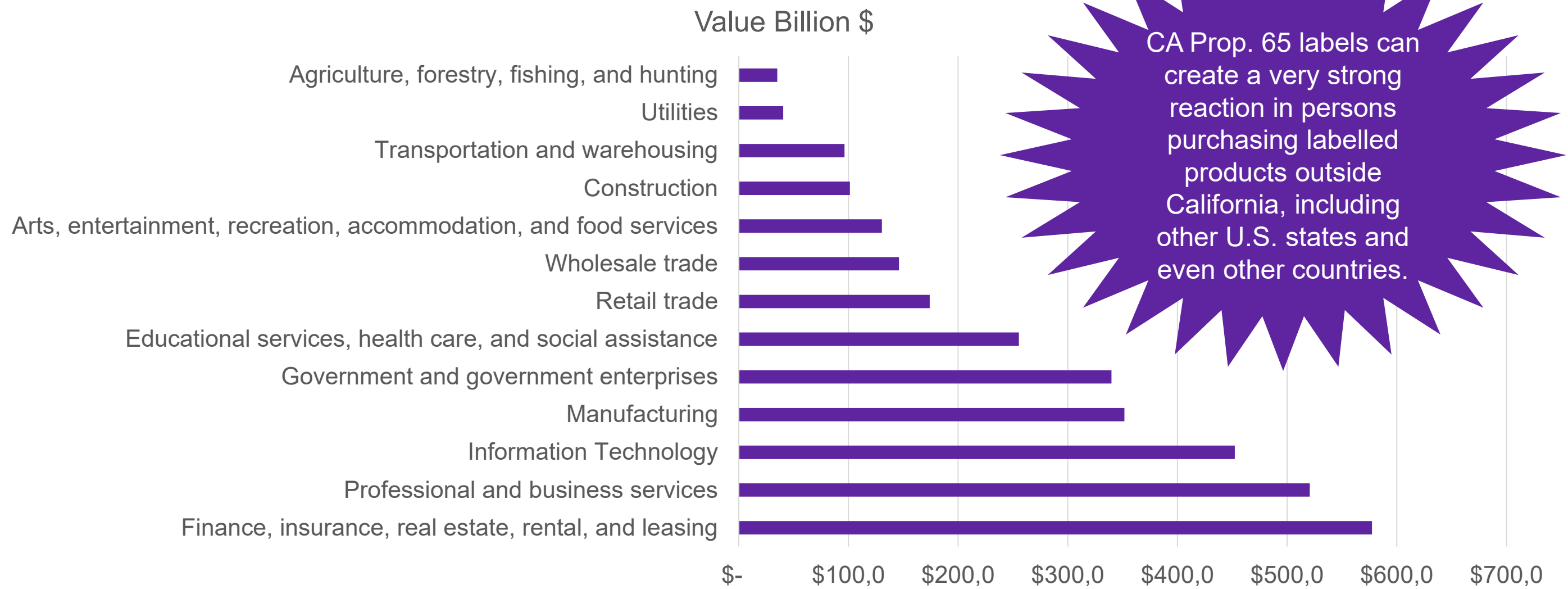
2024 Global GDP (Trillion USD)



Source: <https://brilliantmaps.com/california-economy-2024/>

Why Proposition 65 impact extends beyond California

California's strongest economic sectors



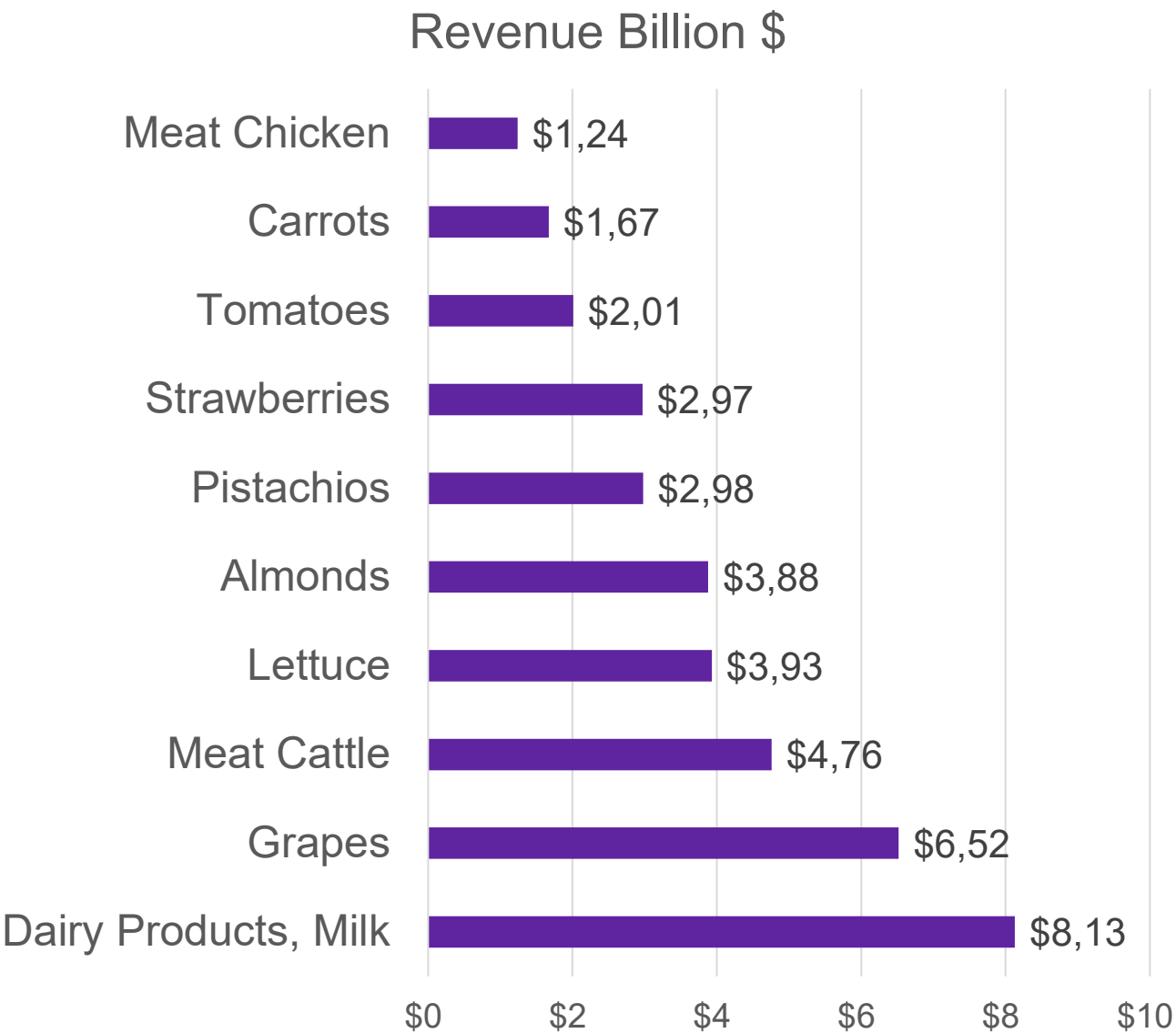
Source: <https://www.statista.com/statistics/304869/california-real-gdp-by-i>

Why Proposition 65 impact extends beyond California

California's U.S. Food Production

- California produces > 1/3 of all U.S.A. vegetables
- California produces > 3/4 of all U.S.A. fruits and nuts
- California produces > 80% of the Worlds almonds
- California produces 20 percent of the U.S.A. milk.
- 19 crops grown in the U.S.A. are grown only in California including almonds, pistachios, walnuts, raisins, olives, plums and table grapes
- California's produces 11% of all U.S. food, domestic and exported.

Source: <https://ourworldindata.org/agricultural-production>



Source: <https://www.cdfa.ca.gov/Statistics/>

Why Proposition 65 impact extends beyond California

We are what we eat (and drink!)

- As with **many EU countries (and unlike most U.S. States)**, California's human population density is often high near the areas where food is grown
- Chemicals present in California water become present in crops using the shared water supply
- Most persistent, bioaccumulative, and toxic (PBT) chemicals concentrate in plants and animals which use this water
- Humans and other apex predators peak the bio-accumulation
- Impacts often appear in gestating fetuses long before adults
- The conditions which caused the E.U. to enact regulations such as ELV, WEEE, RoHS, REACH, POP, etc. are present also in California
- California exports many product types including global foodstuffs
- **What happens in California does not stay in California!**

Heavy metal toxicity: Abnormal growth and development



Why Proposition 65 impact extends beyond California

“Bounty-hunter” private party lawyers allege improperly labelled products

- The majority of Prop 65 enforcement is driven by private parties who file lawsuits and seek settlements.
- A significant portion of settlement payouts often goes to the attorneys representing the private enforcers.
- Settlements can range from small to large, with some companies facing multiple suits and settlements from different plaintiffs.
- Industry has spent over \$182 million to settle Prop 65 lawsuits since 2010.
This does not include the businesses lawyer salaries and fees, etc.; only the published settlement amounts

Significant increases in the number of cases filed annually

- In 2022, there were at least 890 Prop 65 settlements totaling over \$26 million.
- In 2024, there were more than 1,300 settlements totaling just over \$101 million.

New listed substances initiate new allegations

- The addition of new chemicals to the Prop 65 list, such as PFASs, is likely to generate more notices and litigation.

Scope extends well beyond the geographical boundaries of California

- A large percentage of businesses settling Prop 65 lawsuits are headquartered outside of California
- Other jurisdictions seeing the relative success of the Prop. 65 approach are considering similar legislative approaches

Sources: <https://oag.ca.gov/prop65/annual-settlement-reports>
<https://www.z2data.com/insights/the-cost-of-ignoring-california-prop-65>
<https://www.vedderprice.com/-/media/files/vedder-thinking/publications/red%20outside%20of%20California>.

How to comply and avoid financial risk

Best Practices for Proposition 65 Compliance

1. Collaborate with Your Supply Chain:

- Establish open communication channels with your supply chain partners.
- Ensure all stakeholders are aligned with Proposition 65 compliance requirements.

2. Chemical Identification and Evaluation:

- Identify all chemicals in your products listed under Proposition 65.
- Conduct thorough evaluations of chemical levels to assess compliance.

3. Warning Label Development:

- Develop clear and informative warning labels for products containing Proposition 65-listed chemicals.
- Implement proper handling and storage procedures to minimize exposure risks.

4. Regular Review and Update:

- Periodically review and update product labels and Safety Data Sheets (SDSs).
- Ensure that any changes in formulations or regulations are promptly reflected.

5. Stay Informed:

- Keep abreast of any changes to the Proposition 65 list or related regulations.
- Proactively adapt your compliance strategies to align with evolving requirements.

6. Responsive Communication:

- Be prepared to address inquiries or concerns from customers and regulators promptly.
- Maintain a responsive approach to regulatory changes and customer queries.

Remember ! Following these best practices will not only bolster your Proposition 65 compliance efforts but also shield your business from potential penalties and legal liabilities. Proactive adherence to these guidelines demonstrates your commitment to product safety and regulatory responsibility

Legal Enforcement

- **Who enforces Proposition 65?**
 - The California attorney General's Office
 - Any district attorney or city attorney (for cities whose population exceeds 750,000)
 - Any individual acting in the public interest by filing a lawsuit against a business alleged to be in violation of Prop 65
 - Citizens who successfully bring an action against a company can keep 25 percent of any penalty recovered ("bounty hunter")
- **What are the penalties for violating Proposition 65?**
 - Fines up to \$2,500 per violation per day.
- **60-Day Notices Analysis**
- **Companies with less than 25 employees 14 days grace period to put a warning and pay 500\$ without lawsuit (2014)**



