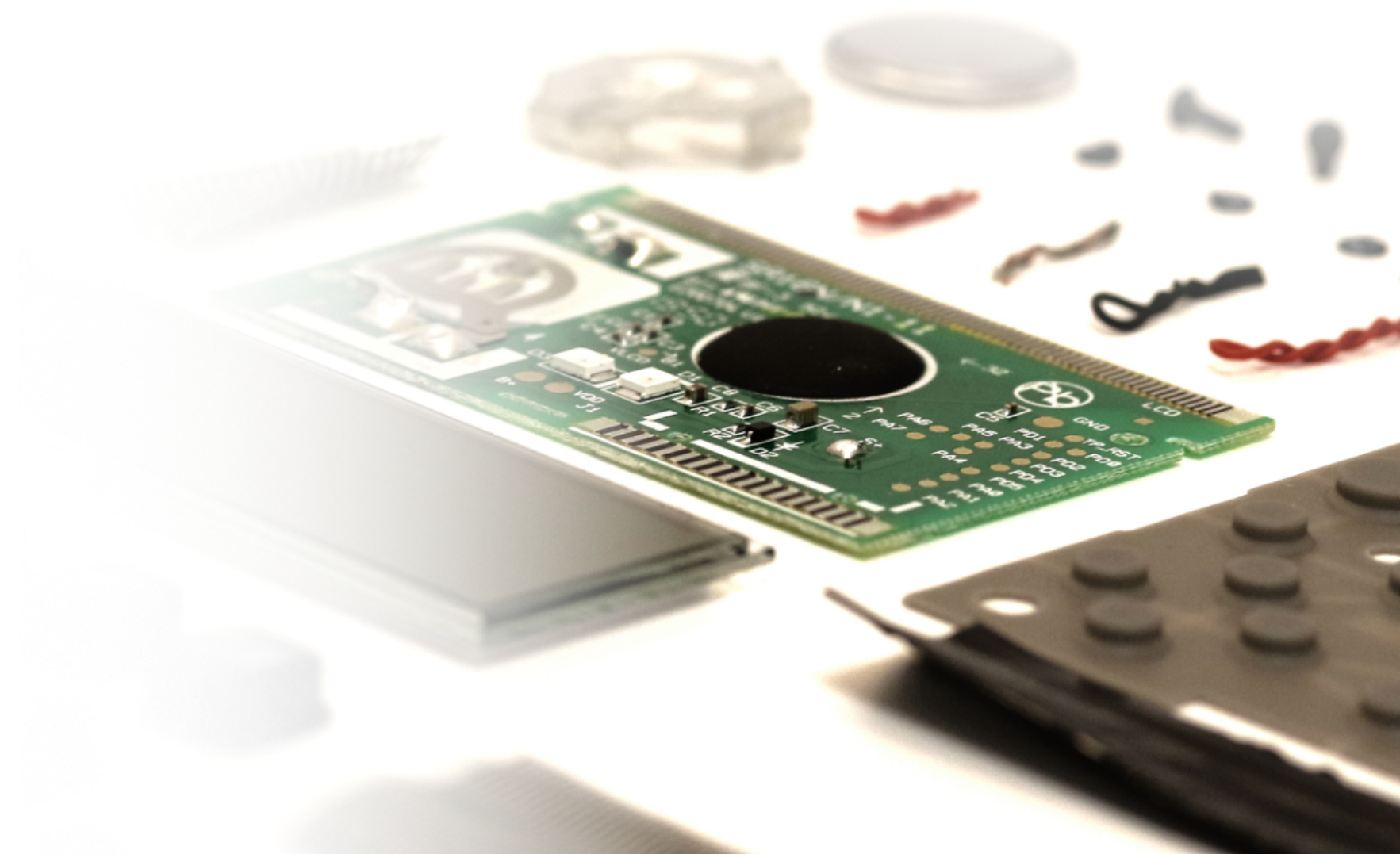


Claigan Webinar

Prop 65 2028

Presented by:

Bruce Calder
VP Consulting Services
Claigan Environmental



Who we are?

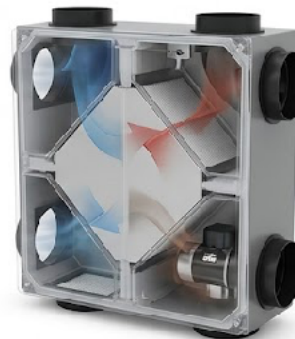
We make sure the products you sell



**HIGH-EFFICIENCY GAS
FURNACE & HEAT PUMP**



**COMMERCIAL ROOFTOP
PACKAGED UNIT (AC/RTU)**



**HEAT RECOVERY
VENTILATOR (HRV)**



Don't cause



**UNCONTROLLED CELL
PROLIFERATION (CANCER).**

Cancer



**ATTENTION
DYSREGULATION (ADHD)**

ADHD

And get pulled off the market

We also are very good at

Life Cycle Assessment / Green House Gas



LIFE CYCLE ASSESSMENT (LCA) SERVICES

Measuring Your Product's True Environmental Footprint
As the demand for transparent, quantifiable environmental data surges, understanding the precise carbon footprint of your products is no longer optional. Claigan's comprehensive Life Cycle Assessment (LCA) services break down the complexities of measuring emissions so you can make informed, sustainable design decisions and maintain global compliance.

WHAT IS A LIFE CYCLE ASSESSMENT?

An LCA is a quantitative assessment of the environmental impact caused by an individual product across every stage of its life. Claigan's LCA methodology strictly follows internationally recognized standards ISO 14040 and ISO 14044 to ensure consistency, transparency, and scientific credibility.

We examine every critical stage, including:

- Raw material extraction and refinement.
- Complex product manufacturing.
- Distribution and transportation networks.
- Product use, maintenance, and end-of-life disposal.

UNDERSTANDING THE CO2 EMISSIONS ASSOCIATED WITH YOUR PRODUCT GIVES YOU A MEASURABLE VIEW OF ITS ENVIRONMENTAL IMPACT.

UNDERSTANDING YOUR GHG EMISSIONS PROFILE

To effectively measure environmental impact, companies must categorize their Greenhouse Gas (GHG) footprint into specific scopes. **Scope 1:** direct emissions generated by the company, (i.e. combustion by company-owned vehicles or escaped refrigerants).

Scope 2: indirect emissions stemming from energy purchased by the company.

Scope 3: indirect emissions across a company's full value chain, covering the full lifecycle of your products and contributing factors like employee travel.

CLAIGAN'S EXPERT LCA METHODOLOGY

Utilizing our experience as an ISO 17025 accredited laboratory, Claigan's LCA services combine advanced material testing with researched CO2 equivalent values. We physically break down products into individual components and apply scientifically supported emissions data to deliver actionable, product-specific insights.



WHY ARE SHAREHOLDERS DEMANDING LCAs?

Investors are increasingly prioritizing sustainability and long-term risk management in their financial decisions. By requesting an LCA, shareholders are looking to verify your company's proactive environmental risk management.

An LCA delivers immediate business value through:

→ **Cost Reduction:** identifying areas of high energy consumption across product life cycle.

→ **Regulatory Compliance:** preparing for emerging EU RoHS disclosure requirements, California SB 233, required scope 3 GHG reporting in November 2027.

→ **ESG Verification:** demonstrating competitiveness and alignment with sustainability commitments.

GET IN TOUCH



CEPA Section 71 Surveys



Required survey under CEPA Section 71

Chemicals Management Plan - Phase 1

Section 71 Survey submissions are required in Canada under the Canadian Environmental Protection Act (CEPA). These surveys require you to evaluate and report on hundreds of chemicals in your products.

Claigan streamlines the entire process by combining a high-level risk assessment for all 184 chemicals with a focused approach to testing and gathering data on the chemicals that could be reportable in your products.

Claigan provides a comprehensive, three-step service to help you meet these deadlines.

What you need to know

- Phase 1 of mandatory chemical reporting under Canada CEPA updates is underway
- Claigan has a streamlined approach to Section 71 compliance
- Claigan has helped hundreds of companies in previous Section 71 submissions

Claigan's three-step solution to Section 71

The Section 71 Survey is complicated and intensive. Claigan simplifies this task through our expertise and comprehensive chemical risk assessment experience.

1. Risk assessment of every chemical against your products and components.
2. Identification of substances that could be present at a reportable level.
3. Develop a plan for high risk substances

CLAIGAN MAKES COMPLICATED CHEMICAL REPORTING SIMPLE



Claigan's advantage

Claigan can drill down reporting specifics for identified high risk substances with data gathering, engineering evaluation, and laboratory testing all in one place.

- Quantification of substances
- Summaries of concentrations
- Summaries of or disbursement
- Support sub



CLAIGAN PROP 65 SERVICES

FOR THE 2028 PROP 65 UPDATES

With over 400 enforcement notices per month, California Proposition 65 (Prop 65) is the most heavily enforced product regulation in the world. And it is changing at the start of 2028.

Starting in 2028, generic warnings will no longer be allowed. Even short form warnings will require the declaration of at least one applicable carcinogen and one applicable reproductive toxin.

Key Changes Coming in 2028

WHAT'S CHANGING?

- No more generic warnings.
- A substance has to be identified.
- New labelling text options.

PREPARATION FOR PROP 65 IS THE KEY TO COMPLIANCE

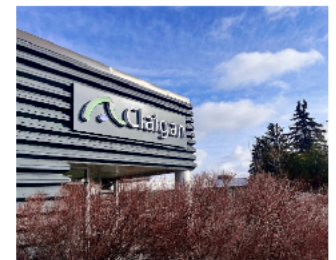
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- A test report is your defense against the Prop 65 'bounty hunters.'

Claigan is the best in the business at Prop 65 compliance.



Prop 65



THE CLAIGAN EXPERIENCE

California requires companies to provide warnings for overexposure to Prop 65 listed chemicals. Claigan's services have you covered with Prop 65 testing and reporting.

- 15+ Years of Prop 65 experience.
- We've tested thousands of products for Prop 65 compliance.
- Solutions for every situation.

KEY TAKEAWAYS

Prepare for the 2028 Prop 65 updates with Claigan.

- In 2028 you will not be able to use generic warnings. Test reports are the only defense to Prop 65 notices.
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US / Can Packaging Reporting



US Packaging EPR Data Generation

Are you compliant with California and Oregon's passed deadlines?

The deadline for submitting packaging EPR data for California (SB 54) and Oregon (SB 582) was May 31, 2026. Most companies have a 90 day grace period, making the last acceptable day to report August 31, 2026. Non-compliance carries severe consequences: daily penalties up to \$50,000, inclusion on Oregon's public shame list, and a California distributor ban. And yes, B2B operations are fully in scope!

To help you meet these deadlines, Claigan provides a comprehensive, turnkey service delivered in three distinct phases:

PHASE 1: SCOPE ANALYSIS AND PACKAGING DATA GENERATION

- Identify the scope of each regulation for your products and distributor model.
- Generate the "fundamental" data required for California and Oregon.
- Derive data from bills of materials or representative products.

PHASE 2: DATA STRUCTURING & COMPONENT ANALYSIS

Manage diverse data situations under tight deadlines, even when handling partial or missing data.

1. Distinguish between 'detachable' and 'associated' packaging.
2. Handle 'pass through' items that are included with your packaging.
3. Roll up the data for California and Oregon.

Whatever your situation, Claigan has a plan. Just reach out. We are here to help.



PHASE 3: STRATEGIC PLANS & COST REDUCTION

Develop actionable strategies to meet state-specific targets and minimize the financial impact of environmental fees.

- Formulate an individual Source Reduction (SR) plan for California.
- Utilize the option for LCAs to reduce EPR fees.

KEY TAKEAWAYS

- Address the immediate 2026 compliance deadlines.
- Generate fundamental packaging EPR data.
- Roll up the data for California and Oregon.
- Develop Individual Source Reduction (SR) plans and LCAs.

As the leading provider in plastics and packaging reporting, Claigan helps turn complex regulations into a straightforward, manageable process.

Claigan Prop 65 Experience

- Over the past thirteen (13) years
- We have tested over
 - **11,000 products** for Prop 65
- And have defended
 - **~100 products** in Prop 65 suits
- And have provided at least
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6th lab expansion

Prop 65



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Overview - Agenda

- Prop 65 *basics*
- Prop 65 2028
- Labelling requirements
 - Options
- Generic statements
- Enforcement
- Changes in perception
- Omnibus changes
- Compliance options
- **Q&A**



Prop 65 Basics

- If you would like a full overview of Prop 65

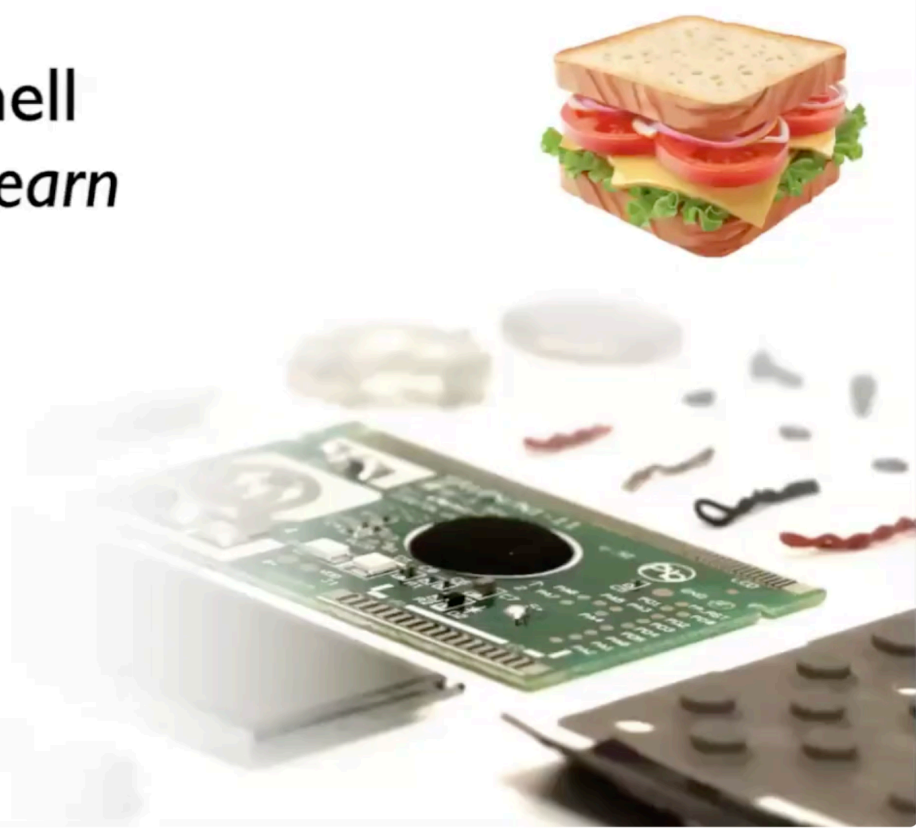


Prop 65 in a Nutshell

Claigan - Lunch & Learn

Presented by:
Bruce Calder
VP Consulting

July 24, 2025 So,





Claigan Lunch & Learn

The Ultimate Primer for EU REACH

February 20, 2025

44:18



Claigan Webinar

Downstream Due Diligence
under Dodd-Frank & EU Batteries

April 9, 2025

50:42

Claigan Webinar

Budgeting for 2027

What Restricted Materials Requirements to Prepare for in 2027?

September 23, 2026

55:50



Claigan Lunch & Learn

The Ultimate Primer for EU RoHS

November 28, 2024

56:47

Claigan Webinar

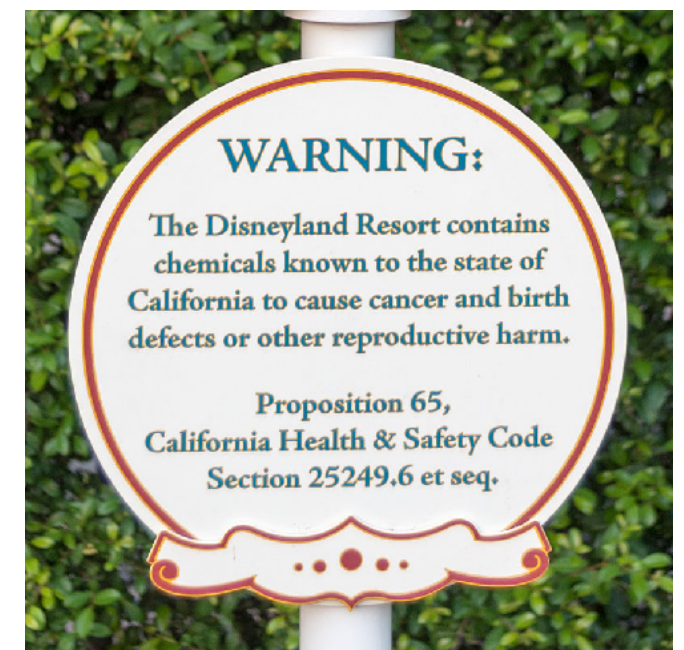
Have your materials changed?

Using laboratory testing and AI to compare materials

- Click [here](#)

History of California Prop 65

- **Safe Drinking Water and Toxic Enforcement Act of 1986**
 - Direct Voter Initiative
 - Created by referendum
 - Enacted in November of 1986
 - Multiple amendments through 2026



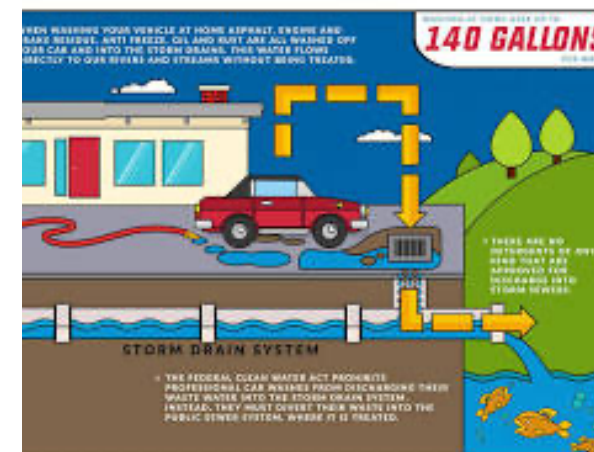
California Proposition 65

- **Summary**

- If a consumer or worker is exposed above the daily exposure limit (in ug / day) of a Prop 65 substance
 - The manufacturer is required to either
 - **Remove** the substance, or
 - Provide a proper **warning** to the consumer / worker
- Unique portion of Prop 65
 - Private citizens can enforce Prop 65 directly
 - Enforcements are public and [searchable](#)
 - **>400 prosecutions per month**

Exposure Categories

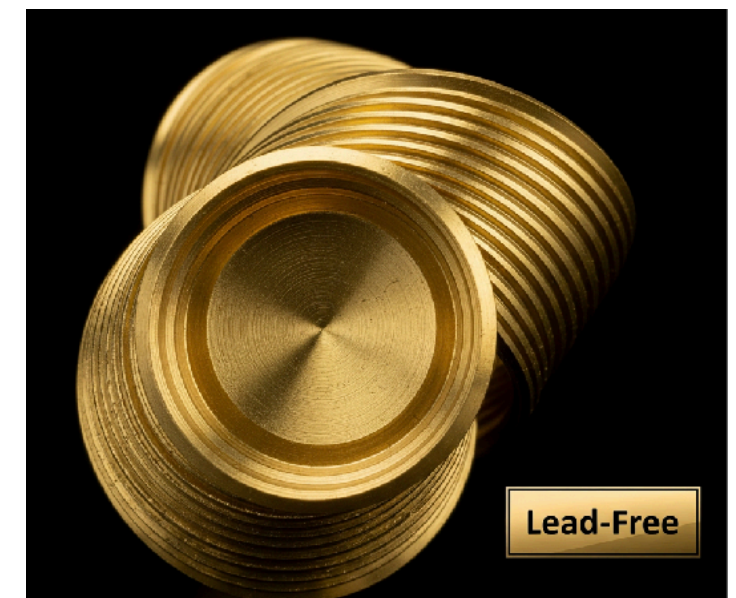
- **There are three (3) different categories of exposure**
 - **Consumer** exposure
 - A private citizen
 - **Occupational** exposure
 - A worker or employee
 - **Environmental** exposure
 - Air or water



Compliance Reminder

- **If exposure above daily limit for the substance**
 - Compliance involves either
 - Removal of the substance or the exposure
 - Or
 - An appropriate warning

 **WARNING:** Cancer
and Reproductive Harm -
www.P65Warnings.ca.gov



Exposure Routes

- There are four (4) principle routes of exposure

- **Ingestion**



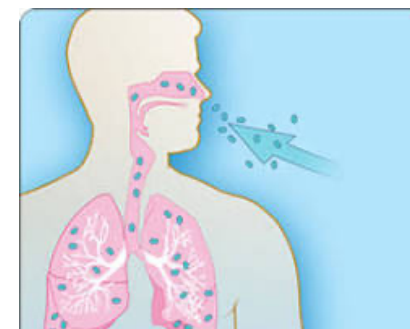
Exposure route
for most physical and food
products

- **Dermal absorption**



Rarely prosecuted

- **Inhalation**



Exposure route
for most chemical
products

- **Invasive**



Very rarely prosecuted

Hierarchy of Compliance

1. Substance non-present

- Non-detect using reasonable test for concentration

2. No exposure

- No route for exposure
- or
- Non-detect for reasonable exposure test

Examples -

Internal part

Or user always wears gloves



3. Exposure below settlement limit

Example - *1 ug Pb in Niosh wipe test*

4. Exposure below known MADL or NSRL

Examples - *Pb - 0.5 ug/day*

Maximum Allowable Dose Level (MADL)

5. Exposure below calculated MADL or NSRL

Examples - *Calculated NSRL from NOAEL for cancer*

Important

- **Note**
 - Yes - these are all tests
- You **cannot win** a Prop 65 case
 - **Without a test report**
- The plaintiff will **not surrender**
 - To 'supplier' declarations
 - They will likely **laugh**



Funny note

- We have tested over
 - **11,000 products** for Prop 65

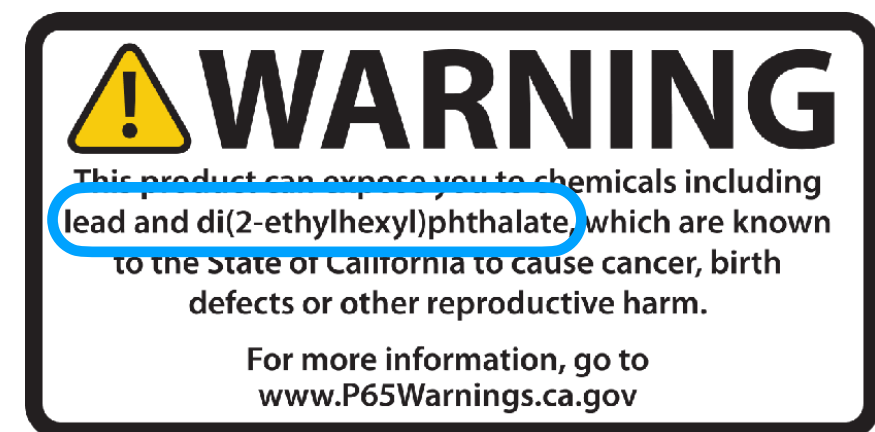
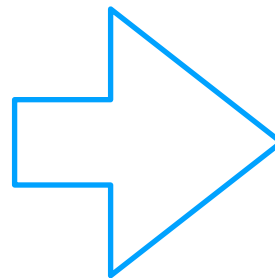
We are in the midst of our
6th lab expansion

- For Prop 65
 - Testing is **way cheaper** ...with way less liability
 - than data gathering
- Could be because
 - We don't have to pay **sales people to call you every week**
 - And testing is much more efficient to meet **your goals**

California Proposition 65

New Warnings

- **New Warnings for California**
- **Prop 65 - Jan 1 2028 Requirements**
 - *For products manufactured after that date*
 - Substance needs to be identified on the warning label



Overarching Requirement

- Changes are to **short form warning**
- **Short form warning needs to include**
 - **A carcinogen**
 - If there is an exposure to a Prop 65 carcinogen
 - **A reproductive toxin**
 - If there is an exposure to a Prop 65 reproductive toxin
- Or
 - A substance that is **both**

Substance Warning

- For example
- A warning for **antimony trioxide**
 - Only meets the **carcinogen** requirement
- A warning for **bisphenol A**
 - Only meets the **reproductive toxin** requirement
- A warning for **lead**
 - Meets both the **carcinogen and reproductive toxin** requirement

2028 Warnings Details

- Options for signal words

- **WARNING:**

Plus usual symbol

- **CA WARNING:**



- **CALIFORNIA WARNING:**

Name of chemical(s)

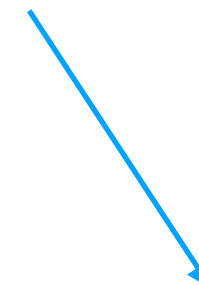
- Standard choices for warning text

- Risk of cancer and reproductive harm from exposure to [name of one or more chemicals]. See www.P65Warnings.ca.gov.
- Can expose you to [name of one or more chemicals], a carcinogen and reproductive toxicant. See www.P65Warnings.ca.gov.

With variations if different substances or only a carcinogen or only a repro. toxin

New Warnings Example

Government website



CA WARNING: Risk of cancer and reproductive harm from exposure to lead. See www.P65Warnings.ca.gov.

Symbol



Warning phrase
(*Option 2*)



Warning language
(*Option 1*)



Substance that is qualifies as
both a carcinogen and as a
reproductive toxin



Important Note

Today's Warning - Ai Opinion

- **Search results using current warning**
 - What is on your product today



 **WARNING: Cancer
and Reproductive Harm -**
www.P65Warnings.ca.gov

Search results and the official state website (www.P65Warnings.ca.gov) typically clarify the following points for consumers:

- **It is a Right-to-Know Law:** The warning is mandated by the State of California to inform citizens about potential exposures to any of the 900+ chemicals known by the state to cause cancer, birth defects, or other reproductive harm.
- **Strict Thresholds:** The label is extremely common because California's threshold for requiring a warning is often significantly lower than federal safety limits (such as those set by the FDA or EPA).
- **Not a Safety Ban:** Explanations emphasize that the presence of a Prop 65 label does not necessarily mean a product is unsafe or in violation of federal safety standards. It simply means the manufacturer is complying with California's notification requirement to avoid costly lawsuits.

- **Search results using current warning**

Prop 65 2028 Warning

- **Search results using the new warning**



WARNING

This product can expose you to chemicals including **lead and di(2-ethylhexyl)phthalate**, which are known to the State of California to cause cancer, birth defects or other reproductive harm.

For more information, go to
www.P65Warnings.ca.gov

- **Reproductive and Developmental Toxicity:** DEHP acts as an anti-androgen, meaning it can inhibit or interfere with male hormones. Exposure during pregnancy is closely linked to altered fetal development and birth defects, particularly affecting the development of the male reproductive tract. It is also associated with broader fertility issues in both men and women.
- **Cancer Risk:** Several health and environmental agencies, including the EPA, the International Agency for Research on Cancer (IARC), and the State of California, classify DEHP as a possible or probable human carcinogen.
- **Organ Damage:** Prolonged or high-level exposure to DEHP has been associated in studies with damage to the liver and kidneys.
- **High Risk of Leaching:** A major reason DEHP is problematic is its physical behavior. It is not chemically bound to the plastics it softens (like PVC), meaning it easily leaches out into food, water, household dust, or human tissue over time.

- **This will cause fear in your customers**

Explanation by Ai Generic Warning

- **The AI Search Response:**
 - **Broad Legal Explanations:** The AI will generate a generalized summary explaining what Proposition 65 is, noting that it is a "right-to-know" law in California.
 - **Lack of Actionable Advice:** Because the label doesn't name a chemical, the AI will likely tell the consumer, "This product contains one or more of over 900 chemicals known to California to cause cancer or reproductive harm, but it is impossible to know which specific chemical triggered the warning based on this label alone."
 - **Low Urgency:** The AI often provides context that these labels are ubiquitous in California (appearing on everything from coffee to parking garages), often leading the consumer to safely ignore it as legal boilerplate.

Explanation by Ai New Warning



- **The AI Search Response:**
 - **Targeted Toxicological Data:** Instead of explaining California law, the AI will immediately pivot to **explaining the actual health risks** of Lead and BPA.
 - **Contextual Product Risk:** Multimodal AI (which can "see" the product the label is attached to) will combine the chemical name with the product type. For example, if the label is on a ceramic mug, the AI might explain, "Lead is often used in the glaze of ceramics. If the mug is heated or used for acidic liquids like coffee, the lead can leach into your drink." If it is on a plastic food container, it will explain how BPA disrupts the endocrine system when microwaved.
 - **Actionable Alternatives:** AI engines are designed to be **helpful**. Once it knows the specific chemical the consumer wants to avoid, it will likely **auto-suggest alternative products**. For example: "This product contains BPA. Would you like me to find BPA-free alternatives for this item?"

Note on Generic Warning

- **Prop 65** is also governed by the concept of
 - No **False** or **misleading** statements
- Short summary
 - **You cannot provide a warning for a substance** that is
 - **Not present**, or
 - **Not a potential exposure**
- This fundamental statement has to be **true**
 - "This product **can expose you** to chemicals"

Note on Generic Warning

- **Speculative or Harmless Warnings**
 - **Speculative Warnings Void "Safe Harbor" Protection**
 - To use California's approved Safe Harbor warning text (which protects a business from Proposition 65 litigation), the regulations require you to name at least one listed chemical that is actually in the consumer product and capable of causing an exposure.
 - If a company names a chemical that might not be there, the warning is factually false. If a bounty hunter later tests the product, finds a *different* listed chemical (like lead), and proves the named chemical wasn't present, the business's warning is invalid, and they can be sued for failing to warn about the lead.

Notes - Substance Warning

- Safe harbor protection is only for the risk classification
 - Carcinogen or reproductive toxin
- A warning for **antimony trioxide**
 - Only meets the **carcinogen** requirement
- A warning for **bisphenol A**
 - Only meets the **reproductive toxin** requirement
- Neither (alone) provides protection for
 - **Pb** (carcinogen and reproductive toxin)

California Proposition 65

Omnibus

- **Some minor update in Omnibus**

- **Key update**

- QR code will be allowed

- A machine-readable code, consisting of an array of squares, used for storing and accessing a web page containing a warning that complies with the content
 - The warning provided by a QR code shall be provided upon scanning the QR code
 - The QR code should be accompanied by a statement that reads: “Proposition 65 Warning for [name of one or more chemicals]. For more information, scan the QR code.”



Summary

Prop 65 - 2028

- Warnings
 - You will likely **not need a warning**
 - ~75% of products do not require a warning
 - At least not for the user
 - Higher likelihood of warning needed for a repair technician
 - But you need a **test report** to justify it

Summary

Prop 65 - 2028

- Key rules
 - You can **only use a warning** for a substance that is
 - **Present** and **can expose you**
 - And you need a **test report** to justify it

What to do in 2027

- In 2027, recommended to plan for
 - At least **testing of representative products for Prop 65**
- But how about large or expensive products?
 - The plaintiffs are not going to target large or expensive products
 - They will focus on repair and spare parts
 - **Claigan** uses a very focused approach for these products

Claigan Prop 65 Experience

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