Digital Product Passports and Supplier Data Exchange

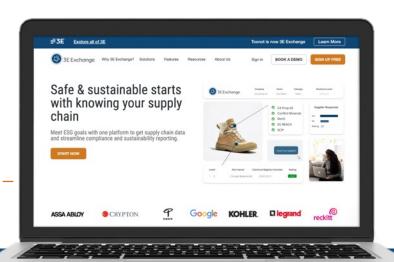


Safe and Sustainable Starts with Knowing Your Supply Chain





Advancing Connection, Supply Chain Management, and Sustainability





Empowering Safety & Sustainability with Intelligent **Compliance Solutions**

Manage the exchange of material, product and supplier information across the global supply chain, creating transparency from source to sale.



SUPPLY CHAIN TRANSPARENCY







PRODUCT SAFETY & STEWARDSHIP

Leverage reliable, global regulatory content and solutions to accelerate the development and launch of safer products.



Make the world safer one product, workplace and community at a time - with award winning SDS and chemical management solutions and live 24-7-365 EHS support.

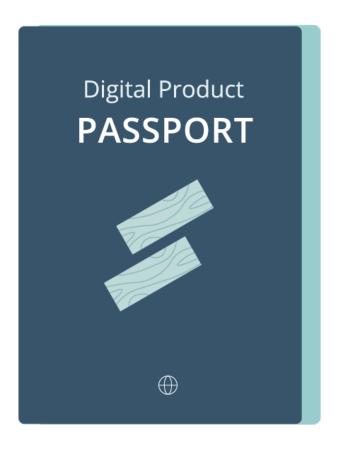


Agenda

- Overall Product PassportConcept
- Regulatory Framework
- Case Studies







- Similar to a country passport
 - □ Travels with the product
 - □ Includes necessary information
- Information much beyond a passport
 - □ Expandable digital framework
 - Circularity
 - Sustainability
 - Compliance and Chemicals of Concern



Understanding the Supply Chain

Tier 2 Suppliers Customers Manufacturer Tier 1 Suppliers With your product data



- European Green Deal (EGD)
 - □ Circular Economy Action Plan (CEAP)
 - Specific regulations within this
 - Still finalizing regulations and requirements
- Framework and requirements
 - Framework will be the same for all Product Passports
 - Requirements will be distinct for based on product type
 - Batteries have been established
 - All other product types still in progress
 - □ Different levels of access to the data

European Green Deal

Circular Economy Action Plan

EU Battery Regulation Ecodesign for Sustainable Products EU Strategy for Sustainable and Circular Textiles

Construction Products Regulation





Digital Battery Passport

- On 9.12.22, the EU Parliament and Council agreed on key points of the <u>new EU Battery Regulation</u> to replace the Battery Directive 2006/66/EC.
- The aim of the legislative amendment, is to promote the circular economy and reduce environmental and social impacts throughout the entire battery life cycle

How is it regulated?

- All Batteries will carry labels and QR codes with information
 - Capacity, performance, durability, chemical composition, as well as the "separate collection" symbol.
- Industrial batteries with a capacity above 2 kWh and EV batteries will also be required to have a "digital battery passport" including information on the battery model as well as information specific to the individual battery and its use.
 - LMT (light means of transport): e-scooters, e-bikes, etc.
 - EV (electric vehicles) batteries for electric vehicles.

Who?

- Responsibility of the party placing the battery on the market, to ensure that all data required is entered in the digital record and that the information is correct and up to date
- Batteries are pilot product; Other products (construction, textiles) likely to follow

- 1st July 2023 outline a set methodology for calculating battery carbon footprint to be published
- End of 2024: The exact requirements and information that the battery passports must contain will be established in delegated act
- 2026: all rechargeable industrial and electric vehicle batteries with a storage capacity above 2 kWh to have their own battery passports

Commercial Information

Coming for additional product types shortly



Value to Stakeholders

DPPs have several functionalities



Collect **product information** across the product lifecycle



Digitally store data (e.g., in the cloud)



Provide easy data access to stakeholders (e.g., through scannable QR codes)

They share product information across the product lifecycle

Exemplary information shared in a DPP across the product lifecycle¹

Raw material producer

- Deforestation
- Emissions
- Water/ground contamination

instructions

Repair history

Brand/Designer

- · Origin of raw materials
- · Recycled vs. virgin
- · Resource consumption

Collector/Recycler/ Refurbisher/ Remanufacturer • Disassembly instructions • Recycling

Manufacturer

- Water usage
- Emissions
- Waste
- Water/ground contamination

Distributor

- Transport. emissions
- Packaging
- (Eco-) labels
- Waste generation

(Re-)User/Repairer

- Product impact
- User manual
- Repair instructions
- Disposal instructions



Reference: Boston Consulting Group and WBCSD



DPP could be a key tool to improve circularity ...



Empowers informed, more environmentally conscious decision-making across the value chain (VC)



Facilitates effective management of waste flows and EoL¹ treatment, thereby increasing recycling rates and access to recycled materials and products



Enables traceability of environmental impact and thus more accurate measurement (e.g., scope 3 emissions)



Provides common foundation and clear requirements for becoming circular



Enables setting and digitally tracking regulatory circular economy targets and verifying compliance with them

... and thereby drive economic value

Creates corporate value through collaboration (e.g., operational efficiency improvements and innovation of new materials/products, business models, and markets)

Leads to higher value retention from waste, longer material lifetime, job creation, and lower raw material dependency, thus mitigating impacts of supply shocks and price volatilities

Enables more efficient energy and resource consumption and thereby reduces associated costs for economy, society and env.

Ensures an equal level playing field, enhances visibility and credibility of sustainable products, and decreases VC deficiencies

Spurs digital capability development of authorities, thereby increasing the efficiency of regulatory processes and reducing resource spending



Reference: Boston Consulting Group and WBCSD



Supplier Benefits

- Reuse responses to multiple customers
- Centralized compliance data
- Clear, defined requirements
- Customer will be notified anytime the data changes
- Automated screening against regulatory lists (Toxnot by 3E only)



Privacy Protections

- Types of Passports
 - □ Public
 - All users on the Toxnot Exchange can view data
 - □ Restricted
 - Customers request access and are granted by client
 - Unlisted
 - Only client listed customers have access
- Proprietary Chemical Disclosures on a Unique Chemical Basis
 - □ Mark chemicals as proprietary
 - Use ranges to protect specific formulations



Privacy Protections

Supplier View

Level	Part Name	Chemical Registry Number	Chemical Name	
Summary	Nylon 12345			
1		25038-54-4	Nylon 6	
1		1763-23-1	Perfluorooctane sulfonic Acid	
1		5 13463-67-7	Titanium dioxide	

Manufacturer view

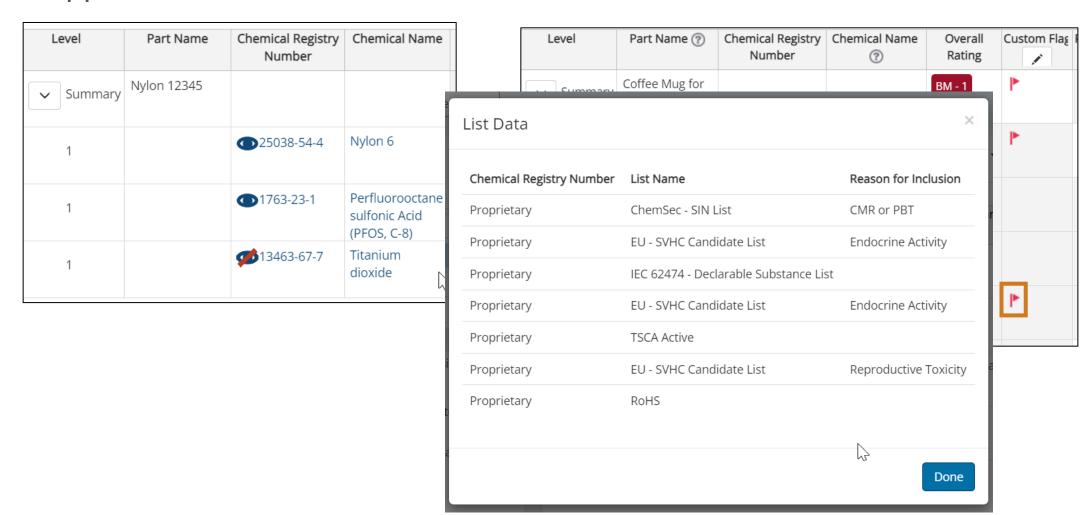
Level	Part Name	Chemical Registry Number	Chemical Name	Overall Rating	Custom Flag
∨ Summary	Coffee Mug for Compliance ™			BM - 1	
1	Nylon 12345			BM - 1	P
2		25038-54-4	Nylon 6	LT - UNK	
2		1 763-23-1	Perfluorooctane sulfonic Acid	LT-1	
2		Proprietary	Proprietary	BM - 1	



Privacy Protections

Supplier View

Manufacturer view





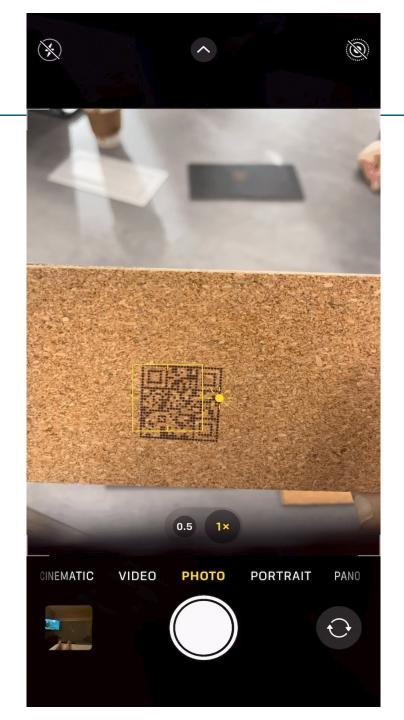
Covestro Niaga – Supplier Data Exchange

Tier 2 Suppliers





- Passport contains:
 - Maintenance and Warranty Information
 - □ End-of-life Options
 - Chemical Composition and Compliance
 - □ Embodied Carbon
 - Sustainability Certifications
- •QR code printed on product links back to passport
- Linked on product website and as key customer documentation





What does this translate to for manufacturers?

- Product Identifiers
 - □ Image, Name and SKUs



- Documents

 - Compliance
 - Warranty
 - Specification Sheets
- Embodied Carbon and EPD

- Chemical Content
 - □ Red List Free Status
- Sustainability Certifications











- Instructions
 - □ Installation Guidance
 - Maintenance
 - □ Repair
 - □ Removal and Reuse



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