

Social and Environmental rights in raw materials: due diligence obligations of companies

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T&E:

26 Countries

61 Members

6 National Offices





Priorities



Cars



Road freight



Sustainable finance



Ships



Batteries & supply
chains



Planes



Energy



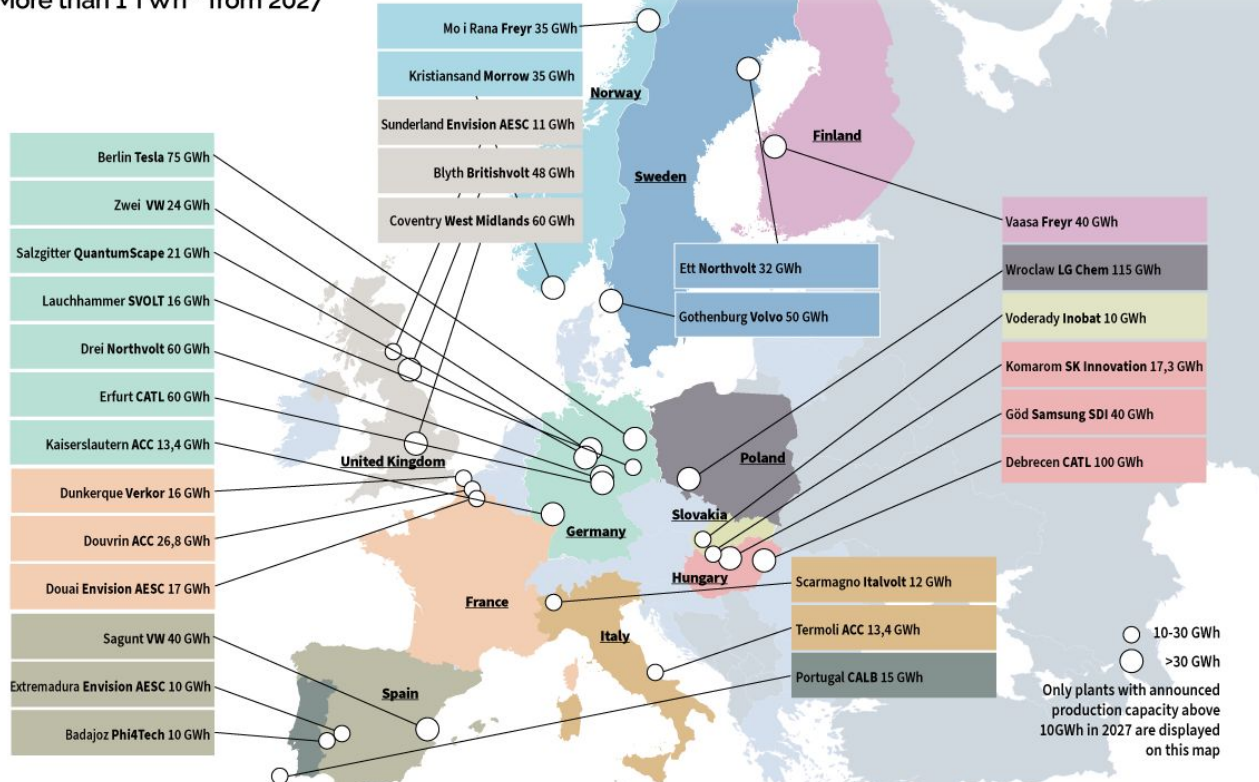
Clean cities





Battery production plans in Europe: 50 gigafactory* projects announced

More than 1 TWh** from 2027



EU Battery Regulation



Proposal for a new sustainable battery regulation in December 2020:

- Responsible sourcing: due diligence guidelines to be binding.
- Incentivise low-carbon battery production & use of renewables.
- Recycling targets per key individual material (cobalt, lithium and nickel).
- 'Battery passport': open data.
- Circular value chain: repair, reuse, repurpose, recycle.

Social and environmental due diligence

- Applies to companies placing batteries on EU market, however SMEs are excluded.
- Covers lithium, nickel, cobalt and graphite.
- Based on the OECD Guidelines and on the UN Guiding Principles.
- Includes a list of environmental and human rights risk categories.
- Entry into force from 2025.



Annex X (II) categories

Social and environmental risk categories:

(a) environment, climate and human health considering direct, induced, indirect and cumulative effects, including but not limited to:

- (i) air, including but not limited to air pollution, including greenhouse gas emissions;
- (ii) water, including seabed and marine environment and including but not limited to water pollution, water use, water quantities (flooding or draughts) and access to water;
- (iii) soil, including but not limited to soil pollution, soil erosion, land use and land degradation;
- (iv) biodiversity, including but not limited to damage to habitats, wildlife, flora and ecosystems, including ecosystem services;
- (v) hazardous substances;
- (vi) noise and vibration;
- (vii) plant safety;
- (viii) energy use;
- (ix) waste and residues;



Annex X (II) categories

(b) human rights, labour rights and industrial relations, including but not limited to:

- (i) occupational health and safety,
- (ii) child labour,
- (iii) forced labour,
- (iv) discrimination,
- (v) trade union freedoms;

(c) community life, including that of indigenous peoples;



Carmakers evermore involved:

Tesla needs nickel to dominate the car industry. It just signed a \$1.1 billion deal with Volkswagen Group, BASF, Daimler AG and Fairphone start partnership for sustainable Lithium mining in Chile

Volkswagen, Mercedes-Benz team up with Canada in battery materials push

VW China partners up for nickel & cobalt

BMW signs Eur285 million lithium supply deal with Livent

BMW announces Livent lithium supply deal

Carmakers evermore involved:



Mercedes-Benz



**BMW
GROUP**



VOLKSWAGEN

AKTIENGESELLSCHAFT



**Due diligence
and the
extractive
sector: why does
it matter?**

Corporate Sustainability Due Diligence Law

- For too long, the extractive sector has **escaped the regulator's eye**.
- From **fossil fuels** to **copper** and **iron**, the law is a unique opportunity to regulate sector's practices.
- The law has a global impact → EU should leverage it to ensure **responsible supply of raw materials**.
- The ONLY law mandating responsible and sustainable extraction due diligence



Environmental due diligence: specific categories needed

- With international environmental agreement picture being more fragmented, Commission proposal lacks specificity.
- In the Battery Regulation, companies and policy-makers expressed a preference for **clear and defined environmental risks**.
- The European Parliament will be voting on 01/06



Thank you



Battery regulation: carbon footprint and recycling

- Companies making batteries will have to **report the CO2 footprint (from mining to recycling) from 2024**.
- The collected data will then be used to set performance classes from 2026, before **setting a maximum CO2 limits in 2027**.

	Agreed targets	
	Co, Ni, Cu	Li
2027	90%	50%
2031	95%	80%

- Also binding targets on **recycled content**.