

Regulation (EU) 2023/1542 on Batteries  
and Waste Batteries

# Corporate Due Diligence Manual





## 1. Background Information

With the global energy transition, the demand for mineral metals to achieve a clean energy transition may release unprecedented demand over the next few decades. According to the International Energy Agency (IEA), by 2040, the demand for minerals by clean energy technologies (including batteries) will increase by 4 to 6 times. At the same time, the supply of these minerals faces significant challenges, including high geographical concentration, declining resource quality, high climate risks, and adverse environmental and social impacts.

To address these challenges, promote the EU's circular economy and zero pollution ambitions, and strengthen the EU's strategic autonomy, the European Commission approved the Regulation (EU) 2023/1542 on Batteries and Waste Batteries (hereinafter referred to as the Battery Regulation) in 2023, replacing the 2006/66/EC Directive of the European Parliament and of the Council on Batteries and Accumulators and Waste Batteries and Accumulators.

**The regulation outlines a new framework for responsible batteries in the EU, including:**

- (1) Reducing environmental and social impacts at various stages of the battery lifecycle;
- (2) Promoting the circular economy
- (3) Strengthening the management of the EU internal market.

The European Commission proposes that “given the exponential growth in the EU's demand for batteries, economic operators placing batteries on the EU market should establish battery due diligence policies.” Chapter 7 of the Battery Regulation points out the obligations of economic operators in battery due diligence policies, requiring economic operators to identify and manage risks in their battery supply chain and enhance transparency.

## 2. Terminology Explanation

### Economic Operators

According to the Battery Regulation, the term “economic operator” should be understood to include manufacturers, authorized representatives, importers, distributors, fulfillment service providers, or any other natural or legal person with obligations related to the manufacture of batteries, provision of batteries, placing batteries on the market, or putting batteries into use.



### 3. Battery Supply Chain

**Mining** Extraction of the raw ores/materials required for battery materials.

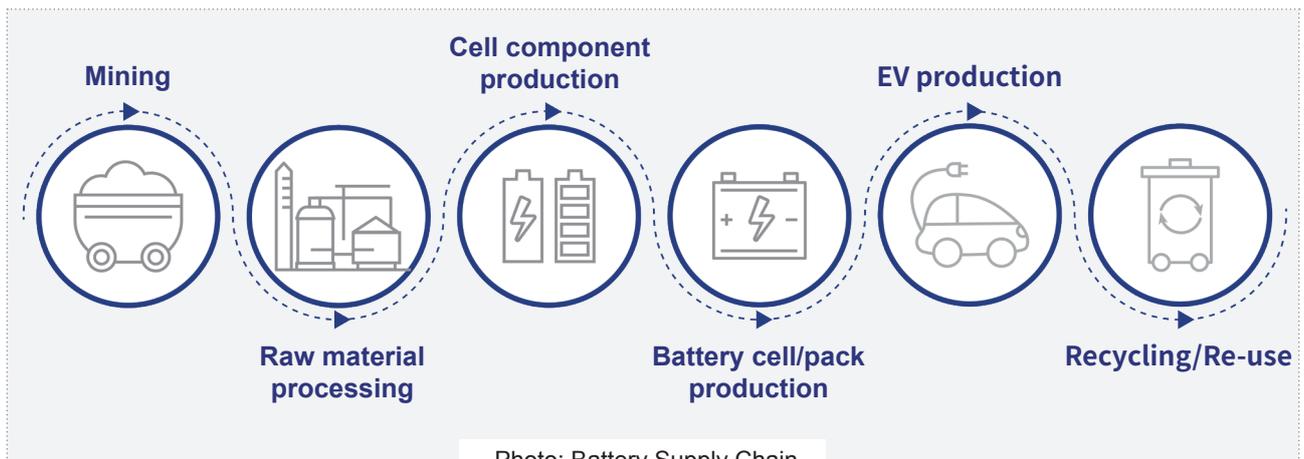
**Raw Material Processing** Processing and smelting of raw materials into battery material precursors.

**Battery Component Production** Production of specialized battery components: cathode and anode materials, electrolytes, separators, and casings.

**Battery Cell/Battery Pack Production** Manufacturing of battery cells and integration into battery packs, including electronic devices, sensors, and battery management systems.

**Electric Vehicle Production** Vehicle manufacturing and integration of batteries and subsystems.

**Recycling/Reuse** Recovery of key raw materials, cathodes, anodes, and/or reuse of waste batteries in storage applications.



**Key Mineral Raw Materials** Cobalt, natural graphite, lithium, nickel, and their compounds.



### 4. What is Due Diligence

According to the standards and principles of the United Nations, the International Labor Organization, and the Organization for Economic Cooperation and Development, due diligence is a systematic process designed to help companies collect and evaluate information, identify potential risks, and take measures to mitigate these risks. Through this process, companies can ensure respect for human rights and the environment and not contribute to conflicts.

## 5. Internationally Recognized Due Diligence Standards and Principles

### **The International Bill of Human Rights**

Including the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

### **The United Nations Guiding Principles on Business and Human Rights.**

### **The OECD Guidelines for Multinational Enterprises.**

### **The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.**

### **The OECD Due Diligence Guidance for Responsible Business Conduct.**

### **The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.**

## 6. The categories of social and environmental risks involved in the due diligence management under the Battery Regulation.

### **→ Environment, climate, and human health, considering direct, induced, indirect, and cumulative impacts, including:**

- Air, including air pollution such as greenhouse gas emissions;
- Water, including seabed and marine environments, including water pollution, water use, water quantity (floods or droughts), and access to water resources;
- Soil, including soil pollution, soil erosion, land use, and land degradation;
- Biodiversity, including the destruction of habitats, wildlife, plants, and ecosystems, including ecosystem services;
- Hazardous substances;
- Noise and vibration;
- Factory safety;
- Energy use;
- Waste and residues.

→ **Human rights, labor rights, and labor relations, including:**

- Occupational health and safety;
- Child labor;
- Forced labor;
- Discrimination;
- Freedom of association.

→ **Community life, including the life of indigenous communities.**

**7. The Battery Regulation suggests referring to international instruments covering social and environmental risks:**

**The Ten Principles of the United Nations Global Compact;**

**The United Nations Environment Programme's Social Life Cycle Assessment Guidelines for Products;**

**The Convention on Biological Diversity, particularly Decision VIII/28**  
Voluntary Guidelines for the Conduct of Impact Assessments Covering All Aspects of Biodiversity;

**The United Nations Paris Agreement;**

The eight ILO fundamental conventions as defined by the **International Labour Organization Declaration on Fundamental Principles and Rights at Work;**

**Any other international environmental conventions binding on the European Union or its Member States**

**The International Labour Organization Declaration on Fundamental Principles and Rights at Work;**

**The International Bill of Human Rights**, including the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

## 8. Timeline

- **July 12, 2023** The regulation was published.
- **February 18, 2025** The European Commission published the application guidelines for the due diligence requirements stipulated in Articles 49 and 50.
- **August 18, 2025** The due diligence obligation came into effect.

## 9. How to Effectively Implement the Battery Regulation

The Battery Regulation requires that corporate due diligence practices be consistent with international due diligence frameworks, including the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (hereinafter referred to as the “OECD Guidance”). Chapter VII of the Battery Regulation, “Obligations of Economic Operators in Relation to Battery Due Diligence Policies”, includes:

### Article 47

#### Scope of This Chapter

Identify the scope of entities required to conduct due diligence.

### Article 48

#### Battery Due Diligence Policies

This article explains that economic operators should establish and implement battery due diligence policies in line with the United Nations guiding principles; it emphasizes the necessity of third-party audits; it requires documentation to be kept for 10 years, but other due diligence international instruments, such as the OECD Guidance, require retention for 5 years; it proposes that the list of raw materials and risk categories will be revised with technological advancements in battery manufacturing and chemistry; and it states that the due diligence instruments for reference will be revised with the development of relevant standards.

### Article 49

#### Management Systems of Economic Operators

This article stipulates that the risk issues covered go beyond the scope of traditional international due diligence instruments, incorporating a broader range of social and environmental issues as well as community risks. The data points required for the control and transparency systems do not include all ownership and beneficial ownership information specified in traditional international due diligence instruments, but emphasize the content data of raw materials and the importance of third-party audits. Moreover, this article requires that the due diligence policy should reflect recognized international instruments, including the International Covenant on Civil and Political Rights, which has not yet been ratified by the Chinese government.

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## Article 50

### Risk Management Obligations

This article introduces the concept of a risk management system, integrating the two sections of risk identification and assessment, and risk prevention and management from traditional international due diligence instruments. The article emphasizes the importance of third-party audits, and the potential outcome of this through supply chain transmission could be that EU companies exert pressure on suppliers to undergo audits by recognized notified body endorsed by the European Commission. The article does not mention the need to identify conflict-affected and high-risk areas or to identify warning signs, but the OECD Guidance is referenced multiple times in the Battery Regulation, which may further specify these requirements in the applicable guidelines. The regulation stresses that before establishing a strategy for measurable risk mitigation in the risk management plan as referred to in paragraph 1, point (b)(iii) of this article, consultation with suppliers and concerned stakeholders, including local and national government authorities, international or civil society organizations, and affected third parties such as local communities, is required. This requirement may present challenges in the implementation process.

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## Article 51

### Third-Party Verification of Battery Due Diligence Policies

This article emphasizes the role of third-party verification. It can be anticipated that next year (2025), battery companies will begin to undergo audits, which will have a significant impact on the supplier companies of battery companies.

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## Article 52

### Disclosure of Information on Battery Due Diligence Policies

This article emphasizes the responsibility of companies to publicly disclose summaries of third-party audit reports. The reports should cover social and environmental risk issues and management measures. It also requires companies to provide contact information for stakeholders to understand information on the justice in environmental matters of battery raw materials from procurement, processing, and trading. In addition, if recycled materials are used in batteries, reasonable details must be disclosed.

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## Article 53

### Recognition of Due Diligence Schemes

This article outlines the detailed circumstances under which the European Commission recognizes due diligence schemes. It specifies that the Commission will issue implementing acts and delegated acts to recognize and publicly disclose the due diligence schemes of scheme owners, which include governments, industry associations, and relevant organizational groups.

In summary, the due diligence requirements of the Battery Regulation are more stringent than those of traditional international due diligence instruments. The Battery Regulation specifically states that “before adopting this implementing act, the OECD Centre for Responsible Business Conduct should be consulted”. Therefore, companies are encouraged to take actions in preparing for the implementation of the Battery Regulation by leveraging the guidance published by the OECD.

## 10. Actions that companies can take before February 2025:

It is recommended that companies comply with the international due diligence standards and principles listed in the Battery Regulation, such as the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and other international instruments to implement due diligence management. Due to the inherent complexity of mineral supply chains, conducting due diligence management is key to preventing and mitigating risks.

Before the applicable guidelines are issued, companies can take a series of actions to prepare in advance for meeting the requirements of the Battery Regulation:

- Confirm whether the company is within the scope of the Battery Regulation;
- Understand the due diligence requirements of the Battery Regulation;
- Refer to a series of international due diligence instruments to review the company's management processes and systems, and identify the gaps between them and the internationally recognized due diligence framework;
- Develop a roadmap to confirm when the company, suppliers, and external stakeholders should be involved in due diligence management and what roles they should play to meet the regulatory requirements;
- Establish raw material traceability tools and systems, and actively communicate with suppliers to seek cooperation to enhance the traceability of the supply chain;
- Develop risk identification and management tools, and assess the social and environmental risks related to supply chain activities based on the countries and regions where mining, processing, and manufacturing in the battery supply chain take place;
- Report to the company's senior management to ensure that they are aware of the latest developments and policy requirements;
- Seek support from industry associations, non-governmental organizations, and expert consultants.

- **After February 18, 2025, companies can expand the scope and topics of due diligence management in accordance with the requirements of the applicable guidelines issued by the European Commission, systematically improve the construction of the supply chain due diligence management system, and meet the requirements of the Battery Regulation.**

# 11. Our Products and Services

01



## Scoping Tools

Confirm whether your company is within the regulatory scope of the Battery Regulation and make the next steps for your company.

02



## Baseline Research and Gap Analysis

Investigate the current due diligence management practices of the company, benchmark against the Battery Regulation, and identify the gaps between the company's practices and the due diligence requirements of the Battery Regulation.

03



## Strategic Roadmap

Develop a feasible plan and roadmap to implement due diligence policies and achieve supply chain objectives.

04



## Establishment of Supply Chain Due Diligence Policy

Formulate or improve supply chain due diligence policies that meet the requirements of the Battery Regulation by clarifying corporate commitments and supply chain goals.

05



## Supplier Management Systems

Develop supplier management requirements and implement categorized and tiered measures for supplier management.

06



## Stakeholder Identification Map

Identify all stakeholders in the supply chain and establish communication and cooperation mechanisms with stakeholders.

07



### Grievance Mechanism

Develop internal and external grievance mechanisms to effectively address the concerns of stakeholders.

08



### Conduct On-site/ Second-Party Assessments

Carry out on-site/second-party assessments of suppliers/supply chains to confirm the risk situations in the supply chain.

09



### Risk Identification and Assessment Tools

Develop risk identification and assessment tools to identify social and environmental risks covered by the Battery Regulation.

10



### Risk Management Tools and Plans

Assess and manage identified risks, develop risk management tools, and formulate risk management plans to prevent or mitigate adverse impacts.

11



### Conduct Internal Assessments

Conduct internal assessments to confirm the company's readiness before it undergoes audits by third-party verification agencies.

12



### Compile Supply Chain Due Diligence Reports

Prepare due diligence progress reports to promote necessary information disclosure and enhance supply chain transparency.

13



### Implement Remediation

In the situation of triggering remediation, develop remediation plans, provide support or cooperate in remediation efforts to mitigate risks and negative impacts.

14



### Supply Chain Due Diligence Training

Conduct training(s) on risk topics and management requirements related to the Battery Regulation to assist companies in enhancing their due diligence performance.



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