

## EUROBAT's answer to Public Consultation on CSDDD

May 22

EUROBAT welcomes the European Commission's proposal for a Corporate Sustainable Due Diligence Directive and confirms its full support for the harmonisation of human rights and environmental due diligence obligations in the EU and abroad. In this sense, we are committed to implementing the most sustainable pathway in order to achieve a climate-neutral European Union by 2050.

However, there are a few points in the proposal that we would like to address.

There is a clear issue of proportionality and the fear of creating excessive administrative and financial burdens. For the battery sector, the main legislation that should apply is the soon-to-be-approved Batteries Regulation. This is product legislation covering the whole battery life-cycle, from mining to recycling. Developing new horizontal legislation *-lex generalis-* that will introduce different requirements and initiatives in regard to activities or risks that might not be covered in the Batteries Regulation leaves the industry in a vulnerable situation. In this sense, two different pieces of legislation will be covering the due diligence activities of battery manufacturers: first, under the product-specific Batteries Regulation (*Art. 39 of the EC proposal*) and then under the CSDD, which will create complementary requirements at a company level. Moreover, we would like to express our support for the industry schemes as we previously did with the Batteries Regulation. The recognition of such a great instrument is of paramount importance for the industry to ensure efficiency and effectiveness when complying with upcoming requirements. In order to avoid overlaps or inconsistencies, the development of industry schemes must refrain from formulating any new additional standards to address the new requirements of the CSDD proposal. Otherwise, a scenario with overlapping pieces of legislation would create inconsistencies that might hinder the growth of the battery market and, therefore, endanger the competitiveness of the EU industry and the electrification of the transport, energy, and industrial sectors.

Contrary to this, the industry requires the removal of barriers and legislative overlaps in order to support the necessary development of the battery industry to achieve the EU's climate goals. In



particular, coherence with the Batteries Regulation should be ensured, above all for raw materials used for batteries but also for other applications, to avoid that the same raw materials need to comply with two different regulatory regimes depending on the final application. At the same time, it will be fundamental to ensure harmonisation with international instruments (i.e. OECD Guidelines) and with national legislation, to avoid legislative misalignments outside and inside the EU.

Similarly, the explanatory memorandum of this proposal foresees the introduction *value chain due diligence* related to raw materials that are not covered in the Batteries Regulation. Having several pieces of legislation covering different raw materials (this CSDD proposal, the Conflict Minerals Regulation, the Batteries Regulation...), the battery industry advocates for a proportioned risk-based due diligence that avoids any possible loophole. In this sense, a possible expansion of scope from “supply chain” to “value chain” is far too early to be considered in specific even more so if we consider that the Batteries Regulation is currently under the final stage of negotiations between the EU institutions and different positions on this matter are being discussed.

Furthermore, a very broad expansion of the scope of the due diligence obligations for identification and mitigation of social and environmental risks associated with raw materials going into battery manufacturing could put the battery industry at a competitive disadvantage vis-à-vis international competitors because of disproportionate additional administrative burdens. The economic and administrative pressure on the battery industry will skyrocket if this possibility is considered in the final text.

