Association For Consumer Rights (Malta)

Official address: Volunteer Centre
181, Melita Street
Valletta, VLT 1129, Malta
Email address: associationforconsumerrights@gmail.com
Website: www.acrmalta.com

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Association for Consumer Rights Resolution AGM 2023

Title of Resolution: New Legislation on Batteries

1. Why is there a need for new legislation on batteries?

Batteries are a key technology in the transition to climate neutrality, and to a more circular economy. They are essential for sustainable mobility and contribute to the zero pollution ambition. Batteries are also part of our daily life at home, in kitchen appliances, remote TV control or alarm clocks. The demand for batteries will grow rapidly in the coming years, notably for electric vehicles using batteries for traction, making this market an increasingly strategic one at the global level.

- The new strategic approach to batteries was launched under the European Battery Alliance and found a prominent place in the European Green Deal, the new Circular Economy Action Plan and the new Industrial Strategy for Europe.
- To ensure that the expected massive deployment of batteries does not hamper our efforts in the green transition, it is necessary that the EU takes resolute action for the sustainable production, deployment and waste management of all batteries placed on the EU market: portable batteries, automotive batteries, industrial batteries and batteries for e-vehicles.
- To make batteries a true enabler of the green transition, a new regulatory framework has to be put in place. The existing EU Batteries Directive dates back to 2006 and is no longer up-to-date. New socio-economic conditions, technological developments, markets, and battery uses have emerged and the environmental challenges they pose have to be met with a new ambition.

Global demand for batteries is set to increase 14-fold by 2030 and the EU could account for 17% of that demand. In addition, the exponential global growth in the demand for batteries will lead to an equivalent increase in demand for raw materials which will have a significant environmental impact. The growing use of batteries will also lead to surging amounts of waste. The number of lithium batteries ready for recycling is expected to increase 700 times between 2020 and 2040.

At the same time, industry is now better prepared to reach higher recycling efficiencies and higher levels of materials recovery, and thus better placed to contribute to the circularity of the sector.

In view of the strategic importance of batteries and to minimize their adverse environmental effects, harmonised rules across the Union should be established to ensure that the expected market growth takes place in the most sustainable way possible.

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The new Regulation establishes a comprehensive framework covering all types of batteries and addressing their whole life cycle from production process to design requirements as well as second life, recycling and incorporating recycled content into new batteries.

2. What does the Commission aim to achieve with the current proposal for a regulation?

- The aim of the proposed Regulation is that batteries placed on the EU market are sustainable, circular, high-performing and safe all along their entire life cycle, that they are collected, repurposed and recycled, becoming a true source of valuable raw materials. For this, the proposal establishes specific requirements at each stage of the battery value chain.
- In very broad terms, this includes ensuring that raw materials are supplied sustainably and responsibly, that battery cells, modules and packs are manufactured using clean energy, contain low amount of hazardous substances, are energy efficient and designed to last long, and that are properly collected, recycled or repurposed.
- Specific focus on the end of their life phase is needed to ensure that no battery is lost to waste, but that batteries are rather repurposed or remanufactured and that the valuable materials they contain feed back into the economy.
- In order to have a significant impact on the EU battery market, these measures are legally binding and adopted at EU level. This modern regulatory framework is essential to provide legal certainty to the economic operators across the whole battery value chain, paving the way for necessary large-scale investments to respond to the market demand.
- All these requirements will drive the market towards more sustainable patterns of production and consumption.
- The choice to establish sustainability requirements covering the entire life cycle of batteries ensures that the environmental impact of batteries is minimised. The adoption of circular approaches is key in this respect: closing the loop will help to maintain the valuable materials used in batteries for as long as possible in the market.

3. What are the main areas of the proposal?

The proposed new Regulation suggests mandatory requirements on:

- sustainability and safety (such as carbon footprint rules, minimum recycled content, performance and durability criteria, safety parameters);
- labelling and information (such as storing of information on sustainability and data on state of health and expected lifetime);
- end-of-life management (such as extended producer responsibility, collection targets and obligations, targets for recycling efficiencies and levels of recovered materials);
- obligations of economic operators linked to product requirements and due diligence schemes;
- electronic exchange of information.

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- In addition, the proposal contains provisions on mandatory green public procurement, on facilitating the enforcement of product rules, namely rules on conformity assessment, notification of conformity assessment bodies, market surveillance and economic instruments.

4. How will the new rules improve the protection of the human health and the environment?

All steps along the life cycle of batteries, from the extraction of the mineral resources used in their manufacture up to their collection and treatment after use, have a potential impact on the environmental and human health. The requirements and provisions proposed aim at decreasing such impacts to the highest possible extent.

The main goal is to avoid the use of toxic substances and ensure the reduction of the risks due to the mismanagement of waste. To this end, the Commission proposes measures such as

- ✓ the prohibition of mercury-containing and cadmium-containing batteries, the enhancement of obligations on separate collection of waste batteries (with a 70% collection target by 2030 for portable batteries and a requirement to ensure no loss of all other batteries) and the total prohibition of landfilling of waste batteries.
- ✓ The targets for recycling efficiency of lead-acid batteries are increased, and new targets for lithium batteries are introduced, in light of the importance of lithium for the battery value chain.
- ✓ In addition, specific recovery targets for valuable materials – cobalt, lithium, lead and nickel – are set to be achieved by 2025 and 2030.

The regulation aims to facilitate the transition to cleaner mobility as well as higher penetration of renewable sources in the EU energy mix. The lower use of carbon fossil fuels will contribute to the reduction of toxic emissions and of carbon dioxide, and will reduce the impact of the energy generation system on the health and the quality of the environment.

5. What are the proposed sustainability and safety criteria for batteries?

- The Commission proposes that existing restrictions on the use of hazardous substances in all battery types are maintained, in particular for mercury and cadmium.
- Furthermore, as of 1 July 2024, rechargeable industrial and electric vehicles batteries with internal storage placed on the Union market will have to have a carbon footprint declaration.
- From 1 January 2026, those batteries will have to bear a carbon intensity performance class label and
- from 1 July 2027, they shall comply with maximum carbon footprint thresholds.
- As of 1 January 2027, industrial and electric-vehicle batteries with internal storage will have to declare the content of recycled cobalt, lead, lithium and nickel contained therein. From 1 January 2030, these batteries will have to contain minimum levels of recycled content (12% cobalt; 85% lead, 4% lithium and 4% nickel). From 1 January

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2035, these levels would be further increased (20% cobalt, 10% lithium and 12% nickel).

Regarding performance and durability, the proposal includes the development of minimum requirements for both portable batteries of general use (rechargeable and not rechargeable) by 1 January 2026, as well as for rechargeable industrial batteries.

The Commission proposes to develop further the current requirement **on battery removability** obliging manufacturers to design appliances in such a way that waste batteries can be readily removed. It also proposes a new provision on replaceability requiring that appliances continue to perform its functions when the batteries are replaced.

The proposal also **addresses the existing gap on safety measures for stationary energy storage systems**. Only the models that have been successfully tested and deemed safe during their normal operation and use will be placed in the EU market.

6. Will the rules apply to imported batteries? How will it be ensured that batteries on the market comply with the rules?

- The new Regulation on batteries establish sustainability and safety requirements that batteries should comply with before being placed on the market. These rules are applicable to all batteries entering the EU market, independently of their origin.
- For batteries manufactured outside the EU, it will be the importer or distributor of the batteries into the EU that needs to ensure compliance of the batteries with the relevant requirements set out in the Regulation.
- For requirements related to the carbon footprint, the levels of recycled content and the responsible sourcing of raw materials (due diligence), the proposal foresees mandatory third party verification via notified bodies.
- Market surveillance authorities of the Member States will enforce compliance with these provisions on the EU market.

7. How is circularity incorporated into the proposal?

- Circularity is at the heart of the proposal. The environmental impacts of batteries are larger in early stages of their life cycle, namely extraction of materials and manufacturing processes. Higher material efficiency of the battery value chains will lead to reduced extractive activities and overall reduction of the environmental impact.
- The Commission proposes actions at the different stages of the battery life cycle. Enhancing collection rates of waste batteries is a critical step in closing the loop for the materials contained in batteries.

In this respect, the Commission proposes to:

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- Increase the separate collection target for portable batteries from the current target of 45 % to 65% in 2025 and 70% in 2030; and propose setting a specific target for waste batteries from light means of transport, a sector that is envisaged to increase.
- Reinforce the existing obligation that all automotive, industrial and electric vehicle batteries are to be collected, by introducing specific reporting obligations to facilitate enforcement.
- As a second step, these batteries have to be recycled. The obligation to ensure that all collected waste batteries are properly recycled, the cornerstone of the current system, is maintained.
- The Commission proposes to increase the targets for the efficiency of recycling processes, as well as to establish a specific target for lithium-based batteries.
- In the last step, those recovered materials should be made available for the battery industry. The Commission is proposing that the new batteries placed on the market contain minimum levels of recycled content, contributing to closing the material loops. Last, but not least, the proposal establishes a clear framework for the repurposing of industrial and electric-vehicle batteries for a second life (e.g. facilitating that the used electric vehicle battery can still be used for stationary energy storage).

8. <u>Which information will end-users and economic operators receive on the batteries they acquire or hold?</u>

- Batteries will have to be labelled, in a visible, legible and indelible manner, with the information necessary for the identification of batteries and of their main characteristics.
- Lifetime, charging capacity, requirement on separate collection, presence of hazardous substances and safety risks are amongst the information that should be provided through appropriate labels, such as QR codes.
- The Commission proposes that a battery management system, which stores the information and data needed to determine the state of health and expected lifetime of batteries, is made available to battery owners and independent operators working on their behalf. This will foster development of the secondary battery market by facilitating the reuse, repurposing or remanufacturing of the battery.

9. <u>How will this proposal strengthen transparency on the battery market?</u>

- Several novelties in the proposed Regulation rely on the use of IT technologies, mainly in relation to labelling, online availability of battery information, or traceability of large batteries throughout their life cycle.
- The proposal establishes a common Electronic Exchange System, or battery dataspace, that will register and provide to the public information about every battery model placed on the EU market.
- The data system will be linked, via the above QR code, to digital individual ‘Battery Passports'- a novel essential mechanism for the traceability of large batteries and their management.

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- It will enable consumers to make informed decisions, manufacturers to develop innovative products and services and will provide national authorities and the Commission with a market intelligence tool.

10. Has the proposal been subject to an Impact Assessment?

- The Commission carried out extensive stakeholder consultation activities during the preparation of the Impact Assessment for the proposal.
- The Impact Assessment is based on the analysis from the evaluation of the Batteries Directive, the consultations for this initiative and various support studies.
- All measures are analysed in proportionate detail in Annex 9 of the Impact Assessment, with a consideration of their impacts compared to the business-as-usual scenario.

For more information: Press Release on Sustainable Batteries - IP/2020/2312

Grace Attard ACR General Secretariat