

POSITION PAPER

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Orgalim comments on the development of sustainability requirements for batteries under a New Regulatory Framework for Batteries

Orgalim, representing Europe's technology industries, welcomes the opportunity to comment on creating sustainability and affordable requirements for batteries in the context of a New Regulatory Framework for Batteries, as enshrined in the European Green Deal and the New Circular Economy Action Plan.

Orgalim supports the European Commission's efforts in laying down sustainability requirements for rechargeable batteries, leading to a competitive, innovative and greener battery ecosystem. The European technology industries remain firmly committed to measures of this kind that increase energy efficiency, cut GHG emissions and boost circularity of raw materials. Better performing high capacity rechargeable batteries would enable industrial leadership in clean and low emission mobility and energy storage, while helping Europe to achieve its ambition in driving the ongoing circular and climate-neutral transition.

Key messages

- We support the scope of the future measures for sustainable batteries
- We consider the introduction of carbon footprint requirements acceptable
- We suggest setting voluntary sustainable raw material sourcing requirements for batteries
- We stand for future-proof requirements enabling innovation and research activities
- We highlight the importance of maintaining a variety of battery technologies
- We stress the significance of safety and security when repurposing batteries
- We call upon the Commission to avoid setting overlapping requirements
- We underline the need for consistency with other regulatory frameworks

Orgalim represents Europe's technology industries: companies that innovate at the crossroads of digital and physical technology. Our industries develop and manufacture the products, systems and services that enable a prosperous and sustainable future. Ranging from large globally active corporations to regionally anchored small and medium-sized enterprises, the companies we represent directly employ 11 million people across Europe and generate an annual turnover of around €2,000 billion. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.

Orgalim comments in more detail on the development of sustainability requirements for batteries under a New Regulatory Framework for Batteries:

- **We support the scope of the future measures for sustainable batteries** that includes high capacity rechargeable batteries with internal storage for e-mobility. The potential of e-mobility batteries to back up the decarbonisation of Europe's economy is enormous, given their strong growth forecast in the market. We suggest delaying actions on stationary storage batteries (for home and grid connected energy storage systems). Stationary energy storage is a relatively small niche market application. The batteries used either follow the technical developments in the e-mobility battery market, or are based on completely different innovative battery technologies that are in earlier stages of development. For example, some alternative technologies currently being developed for stationary applications have better energy storing capabilities, use less scarce materials, have less environmental impact throughout the lifecycle or reduce risks like fire hazards. To fully tap into the potential of further technological innovation in this field, we suggest applying the lessons learnt regarding sustainability from the e-mobility sector step-by-step to the stationary storage sector in due course.
- **We consider the introduction of carbon footprint requirements acceptable**, while drawing the Commission's attention to the difficulty in obtaining comparable, verifiable and reliable carbon footprint data. We recognise that the carbon footprint of batteries is high at the beginning of their lifecycle yet, as a reminder, once batteries are in the use phase their overall carbon footprint gradually declines. At this stage, an initial reporting phase without mandatory carbon footprint thresholds could be useful while battery manufacturers acquaint themselves with the calculation methodologies. At least initially, PEF Category Rules should be applied to the batteries for e-mobility, since the rules already exist for those batteries. With regard to a carbon footprint declaration, Orgalim would recommend developing and testing a sound model of the declaration before its potential introduction. We support such a measure being consistent with the WTO rules.
- **We suggest setting voluntary sustainable raw material sourcing requirements for batteries.** According to the OECD due diligence guidelines¹, our companies can, on a voluntary basis, report the procurement of some raw materials, such as tungsten and tin. Moreover, the EU supply chain due diligence Regulation² foresees a voluntary system for downstream users of tin, tungsten, tantalum and gold. It is crucial that the system remains voluntary, as mandatory requirements would be an undue burden for our downstream companies, in particular for SMEs, based in the EU. Also, a mandatory system would be problematic due to the difficulty of tracing the source of the minerals in the upstream supply chain. In this context we refer to a potential strategic disadvantage for European companies in this area. Many European companies are SMEs which manufacture their products by using battery cells from non-EU countries. Many of their non-EU competitors, however, build products and manufacture battery cells outside the EU. This means that they would be in a much better position to understand and control their upstream supply chains, and to leverage that advantage into product markets. Therefore, we ask the Commission to address these challenges when formulating its sustainable sourcing requirements, and to link them to existing voluntary rules, such as the EU supply chain due diligence Regulation and the OECD guidelines.

¹ [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#), 2016

² [Regulation \(EU\) 2017/821](#) of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas

- **We stand for future-proof requirements enabling innovation and research activities.** There are extensive research and development activities ongoing to develop new battery chemistries and types of batteries in order to meet different customer demands. In order to boost innovation and technical development, it is of great importance that criteria on performance and lifetime are not being regulated at this point. Regulating battery design, which is not yet mature, could potentially mean slowing down electrification in Europe and limiting the competitiveness of European battery makers. Technology development could also lead to changes in battery chemistries, e.g. decreased need for cobalt and lithium. Therefore, it is crucial that sustainability measures should be technology-neutral and avoid focusing on specific raw materials.
- **We highlight the importance of maintaining a variety of battery technologies.** The Commission's intentions to restrict the use of non-rechargeable batteries in order to significantly reduce the carbon footprint of short-lived applications and avoid huge numbers of waste batteries are ill-advised. Orgalim would like to stress the importance of primary industrial batteries for many new technologies such as sensors, smart meters, wireless automation and IoT devices as well as alarm systems. For such batteries, the term 'single-use batteries' is misleading, because in typical applications the batteries are integrated into the devices and can power them for 15 or 20 years without being replaced. This is made possible due to self-discharge rates that are much lower compared to those of rechargeable batteries. Primary industrial batteries offer the solution with the lowest environmental impact for these applications, due to the lower energy loss during application and the absence of any need for chargers. Moreover, their usually simpler design leads to less energy consumption in the production process.
- **We stress the significance of safety and security when repurposing batteries.** The possible repurposing of batteries must be done without compromising their safety and the regulation must address safety and security risks in these operations. When reintroducing the battery to the market, a repurposed battery must be seen as a new product with responsibilities and all safety insurances, meeting all safety and transport tests required for batteries as well as complying with end of life recycling requirements from the manufacturer.
- **We call upon the Commission to avoid setting overlapping requirements.** It is of high importance that the upcoming battery measures complement, where justified, other EU policy instruments on this matter, namely the Directives on Batteries (2006/66/EC), Waste of electrical and electronic equipment (2012/19/EU), RoHS (2011/65/EU), End of Life Vehicles (2000/53/EC), Non-Financial Reporting (2014/95/EU) as well as the Conflict Minerals Regulation (EU/2017/821) and the REACH Regulation (1907/2006/EC). With regard to the REACH regulation, the ongoing work on restricted use of cobalt salts within its scope could potentially hamper the battery industry. To avoid any overlap, or even contradictory regulations, developing battery measures and especially REACH requirements should be coordinated. Overlapping requirements would in particular impact cost, availability and use of products. Taking into account that potential future measures related to batteries would be interlinked with different pieces of EU legislation, new rules for their sustainable

production, use and disposal should be well justified and designed in such a way as to ensure the free movement of batteries, at a competitive price, in the EU market.

- **We underline the need for consistency with other regulatory frameworks.** The future battery measures, envisaged under the European Green Deal, should be aligned with the existing and upcoming relevant EU regulatory frameworks such as the Clean Energy Strategy, a Circular Economy Action Plan, the Chemicals Strategy for Sustainability, and a new Strategy for Sustainable and Smart Mobility. Setting new demands for batteries should not hold back further electrification and circularity of the economy. Any regulation of this key technology needs to make sure that future batteries are sustainable and affordable in efforts to enable their increased deployment in any kind of electrified vehicles, homes and other buildings.

European innovative and digitally enabled technologies would help the large-scale battery cell production, and thus contribute to meeting a growing demand for sustainable and affordable batteries in Europe and beyond. We remain committed to a green and competitive full battery value chain in Europe that will benefit consumers, the environment and European industry alike.