

## How companies can prepare for the EU Batteries Regulation

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Cobalt mining in DR Congo. The EUBR mandates human rights due diligence, traceability and remediation for companies supplying most types of batteries — specifically targeting the sourcing of key minerals such as cobalt © MAST IRHAM/EPA-EFE/Shutterstock

While intense debate over the Corporate Sustainability Due Diligence Directive and the omnibus package may be dominating discussions about corporate accountability in the EU, it is not the only game in town. Soon, a landmark piece of regulation will apply to the battery sector: the [EU Batteries Regulation](#).

Enforceable on August 18, 2025, the EUBR mandates human rights due diligence, traceability, and remediation for companies placing batteries on the EU market, specifically targeting the sourcing of key minerals such as cobalt, a mineral critical for the “green transition.” These due diligence obligations apply broadly, covering all categories of batteries. However, companies with a net turnover below EUR 40 million are exempt from due diligence requirements.

Yet, beneath this ambitious regulation lies a fundamental tension: achieving the comprehensive traceability envisioned by the EUBR remains, for the moment, an aspiration rather than reality, particularly for cobalt sourced from complex and opaque environments like the Democratic Republic of Congo. In-scope companies sourcing cobalt face the question: what does compliance with the EUBR look like given these realities?

## **The challenges of full traceability and the EUBR**

The EUBR is groundbreaking because it explicitly ties market access to responsible sourcing practices. Starting in August 2025, regulated companies must adopt comprehensive battery due diligence policies encompassing robust management systems, third-party verification, grievance mechanisms aligned with the [UN Guiding Principles on Business and Human Rights](#), and detailed record-keeping for at least a decade.

Critically, the EUBR also demands supply chain transparency. For minerals originating from [conflict-affected and high-risk areas](#) such as the DRC, the EUBR mandates traceability to “the mine of origin” and detailed disclosures about consolidation points, taxes, and royalties paid. This sets an unprecedented legal standard for transparency in battery supply chains.

The DRC produces approximately [73 per cent of global cobalt](#), much of it extracted by artisanal and small-scale mining. ASM cobalt production is notoriously difficult to track, plagued by the widespread presence of [child labour](#), [human rights abuses](#), [informal trading networks](#), and [corruption](#). Cobalt from regulated industrial operations routinely mixes with minerals from informal ASM sites, creating a supply chain too fragmented and opaque for complete traceability. Companies, therefore, face a paradox: the EUBR provisions specify full traceability but clash with the reality of cobalt sourcing from thousands of informal miners and layers of traders, with limited documentation.

Recognising this, the EUBR aligns closely with the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#), advocating progressive rather than instantaneous compliance. It emphasises a process-oriented approach, where firms progressively deepen their visibility into supply chains and gradually improve their human rights due diligence practices.

Historically, companies have responded to cobalt supply chain risks by attempting to avoid ASM entirely (which the [OECD argues](#) is impossible). However, recent industry initiatives like the [Fair Cobalt Alliance](#) and “[Cobalt for Development](#),” demonstrate a shift toward proactive engagement, improved safety, and reduced child labour through targeted interventions. Such efforts provide tangible evidence of responsible action and gradual progress toward compliance.

## Practical recommendations for companies navigating EUBR compliance

While regulatory uncertainty persists—due both to [delayed EU guidance](#) initially expected in February 2025 and [ongoing debates](#) around the omnibus legislation—the core responsibilities under the EUBR remain clear. Given these realities, companies in its scope should assume enforcement will take place and continue their preparations. Strategic steps companies should take now include:

- **Adopt a targeted, risk-based approach:** Focus due diligence efforts where the worst risks to people are present and where companies have the most ability to affect change, such as at specific smelters and refiners that act as key chokepoints where cobalt flows converge. Rigorous audits here significantly enhance transparency, and will align with regulatory expectations and best practices.
- **Establish robust supplier partnerships:** Implement long-term contracts explicitly requiring transparency, traceability documentation, and adherence to human rights standards. Early investments in blockchain traceability or pilot “[battery passport](#)” systems will position firms effectively for the mandatory [Digital Product Passport](#) due in 2027.
- **Support credible remediation efforts:** Establish [operational-level grievance mechanisms](#) and/or collaborate in one through multi-stakeholder platforms, providing critical remediation for human rights impacts, such as child labour.
- **Strengthen internal governance and documentation:** Create cross-functional compliance teams specifically trained in cobalt sourcing risks. Clear documentation—covering supplier evaluations, traceability efforts, and remediation measures—is critical, given the EUBR’s ten-year record-keeping requirement.
- **Communicate transparently with stakeholders:** Proactively disclose sourcing complexities, risks identified, and mitigation strategies to investors, consumers, and civil society. Transparent communication builds credibility, fosters stakeholder trust, and demonstrates genuine commitment beyond superficial assurances.

## The path forward

The critical minerals trade has been plagued for decades by complex and layered human rights challenges. The EUBR represents an opportunity to make incremental progress through due diligence and remediation. Instead of waiting for August, companies should act now, leveraging their influence at key supply chain points, proactively engaging in collaborative remediation initiatives, and transparently communicating these efforts to the public. While complete traceability may not be achievable in the next year, by complying fully with the EUBR, that goal may not be out of reach for long.

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