

Making Sense of Minerals Due Diligence in 2026

EU Batteries, Critical Minerals, and Forced Labour

Presented by:

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ESG and Responsible Sourcing Manager

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- Due Diligence under EU Batteries Regulation
 - Scope & Requirements
 - Overview of Claigan's Data
 - Where to get started & how to prioritize risks
- Critical Minerals at scale
 - Risk-based approach to supply chain resilience
 - Walkthrough of a high-level risk assessment
- UFLPA Entity List Updates
- Recent MOFCOM Restrictions on Due Diligence Tools
- Developments in Global Forced Labour Enforcement
 - USTR Section 301 Tariffs
 - EUFLR
- Q&A Session

Companies: Economic operators that place batteries on the market

- *Except* economic operators with a net turnover < EUR 200 Million (*NEW*) in the financial year preceding the last financial year

Products: All battery types (incl. those incorporated into products)

- *Except* batteries that have already been placed on the market and have been subject to preparation for re-use/re-purposing/re-manufacturing

EU Batteries Regulation – Requirements

Materials: Cobalt, Nickel, Lithium, and Natural Graphite

The EU Batteries Regulation requires companies to have:

- A responsible sourcing policy for battery minerals
- Due diligence management systems – including traceability to the mine and based on Annex X risks →
- Risk mitigation process
- Public reporting and disclosure every 5 years (*NEW*)
- Companies must also have their policies and systems verified by a “notified body”

Human Rights

Occupational Health & Safety

Child Labour

Forced Labour

Discrimination

Trade Union
Freedoms

Community Rights,
including that of
Indigenous Peoples

Environmental

Air

Water

Soil

Biodiversity

Hazardous
Substances

Noise & Vibration

Plant Safety

Energy Use

Waste & Residues

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No notified bodies have been designated



Still waiting on the guidance



Deadline is < 1 year away (August 2027)

Also ... that's a lot of risk categories



Human Rights	Environmental
Occupational Health & Safety	Air
Child Labour	Water
Forced Labour	Soil
Discrimination	Biodiversity
Trade Union Freedoms	Hazardous Substances
Community Rights, including that of Indigenous Peoples	Noise & Vibration
	Plant Safety
	Energy Use
	Waste & Residues

300+

operations identified for cobalt,
lithium, natural graphite, and nickel

270+

human rights, community, and
environmental allegations catalogued

3,500+

risks flagged across all battery mineral
facilities

EU Batteries Regulation – Risk Example

Example of Allegation:

In June of 2026, the NGO RAID published [scientific analysis](#) that found negative impacts to community health and the environment as a result of Cu-Co mining in Kolwezi and Fungurume, DRC. Scientific testing around local schools and in community wells near the mining operations showed significant concentrations of heavy metals such as arsenic, aluminum, and manganese.



EUBR Risk Categories:

Community Life/Indigenous Peoples,
Air, Water, Soil, and Hazardous
Substances



Facilities implicated:

15 Mining / Refining Operations
75 Flagged incidents of risk



Mining activities take
place near local
communities

Heavy metals are
released by the
operation

Heavy metals reach
local water systems
and move through the
air

Heavy metals
contaminate drinking
water and agriculture

Local communities ingest
and inhale heavy metals
causing illness

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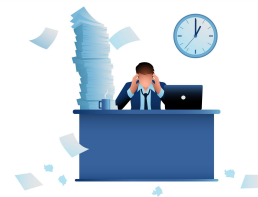


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Overwhelming risk management

- **Map** the facilities in your supply chain
 - *Using survey tools such as the EMRT*
- **Identify** the adverse impacts in your supply chain
 - *Look for evidence of human rights, community, and environmental impacts*
- **Prioritize** the adverse impacts in your supply chain
 - *Develop a methodology to pinpoint the most salient/severe risks*
- **Mitigate** the risks of the adverse impacts
 - *Engage with suppliers and upstream actors*



- Refer to due diligence instruments outlined in the EU Batteries Regulation (OECD Guidelines, UN Guiding Principles, ILO Tripartite Declaration, etc.)
- Establish criteria for measuring risk, ex:
 - Type
 - Severity
 - Location
 - Likelihood
 - Irremediable Character
- Cross-reference participation with third-party verification
 - *Note: Third-party systems also need to be assessed*
- Develop a formula to determine which facilities or allegations require the most immediate action

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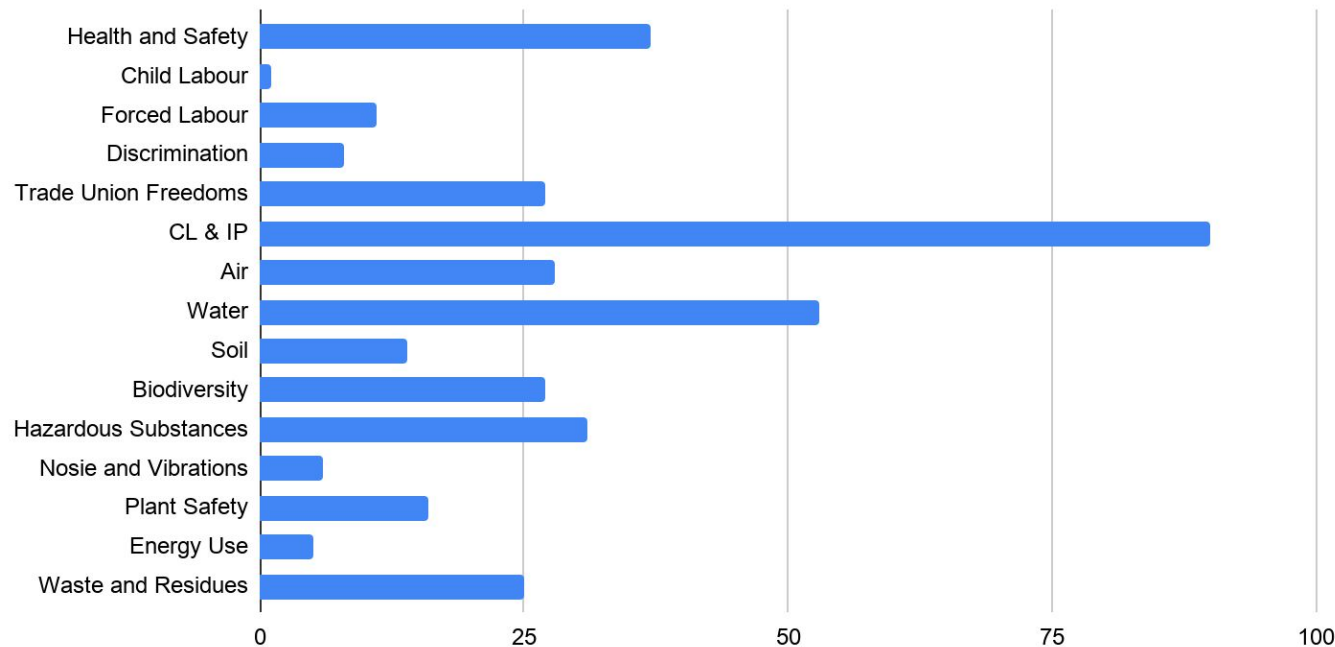
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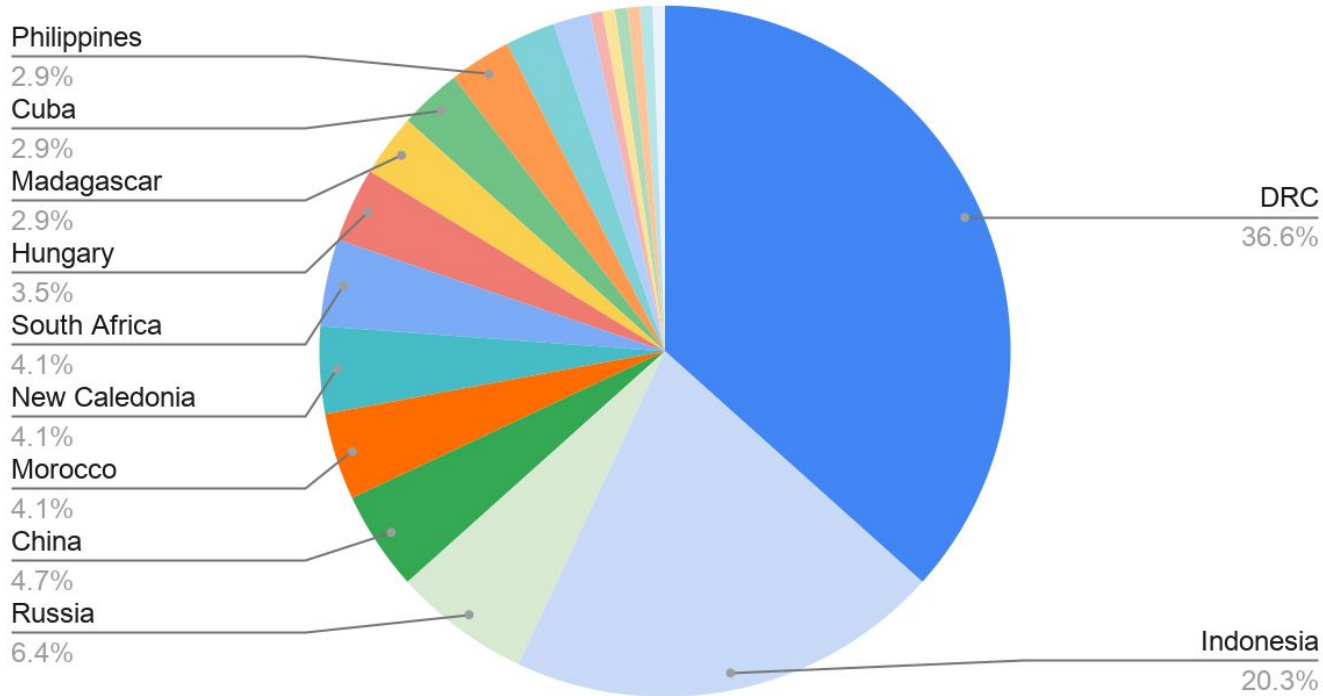
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EU Batteries Regulation – Spotlight on Cobalt

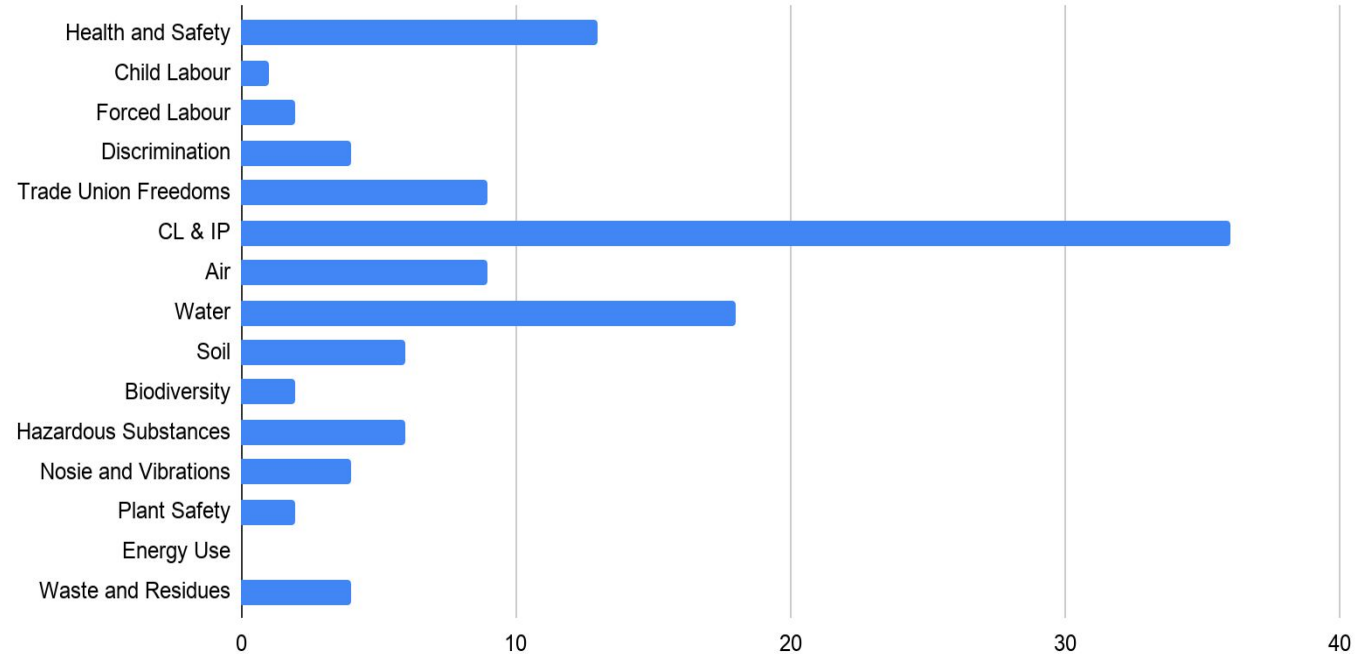
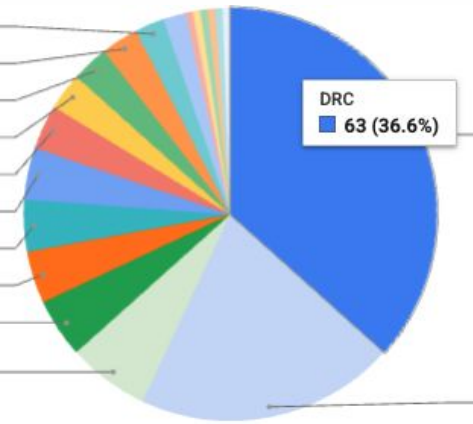


**180 allegations
across 19 different
countries**

Location of Collected Cobalt Allegations

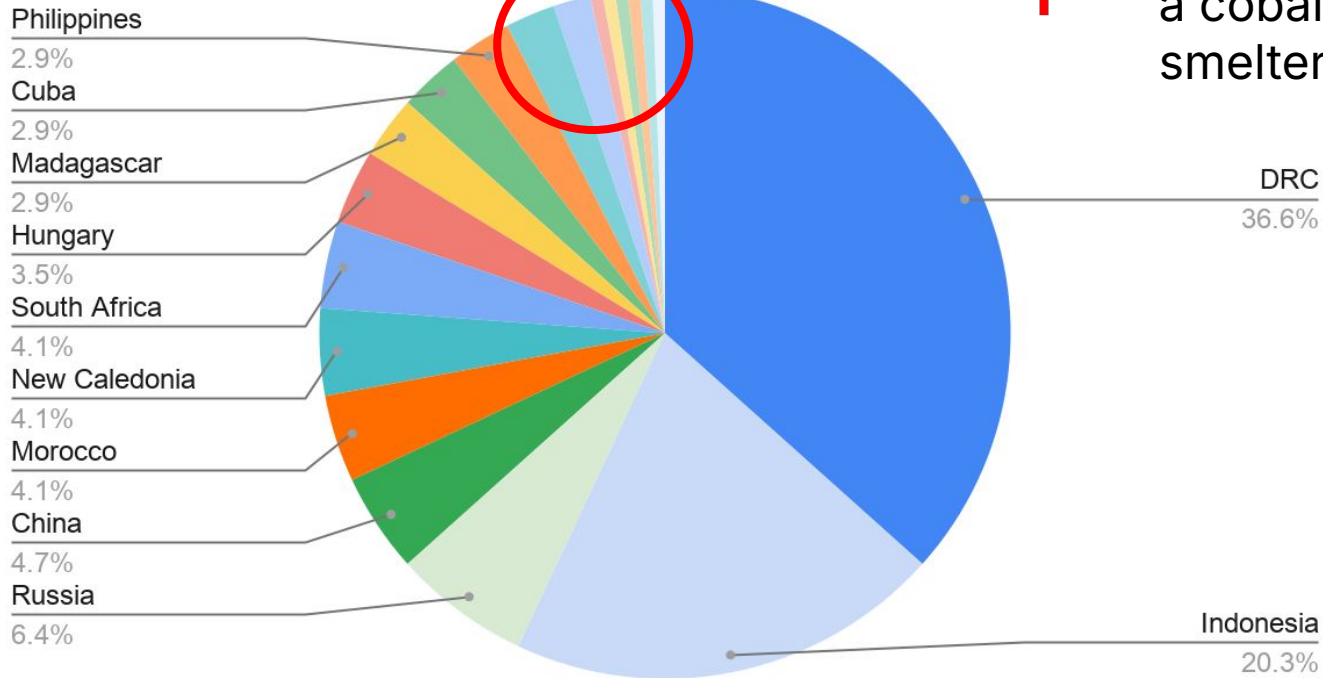


EU Batteries Regulation – DRC Cobalt Risks



EU Batteries Regulation – Spotlight on Cobalt

Location of Collected Cobalt Allegations



- Minerals that are essential for our technology
- Governments around the world have identified lists of critical minerals
- Countries need to ensure they have a stable and consistent supply chain for these materials
- Oftentimes, critical minerals have mining and/or refining industries concentrated in one or two countries, posing a risk to international supply chains

**Product
Dependence**

**Risk of Supply
Disruption**



**Regulatory
Requirements**

**Impact to
People and the
Environment**

**This is an exercise in applying
Double Materiality:**

- **Financial Materiality:** how mineral supply risks affect the bottom line
- **Impact Materiality:** how sourcing practices impact human rights and the environment

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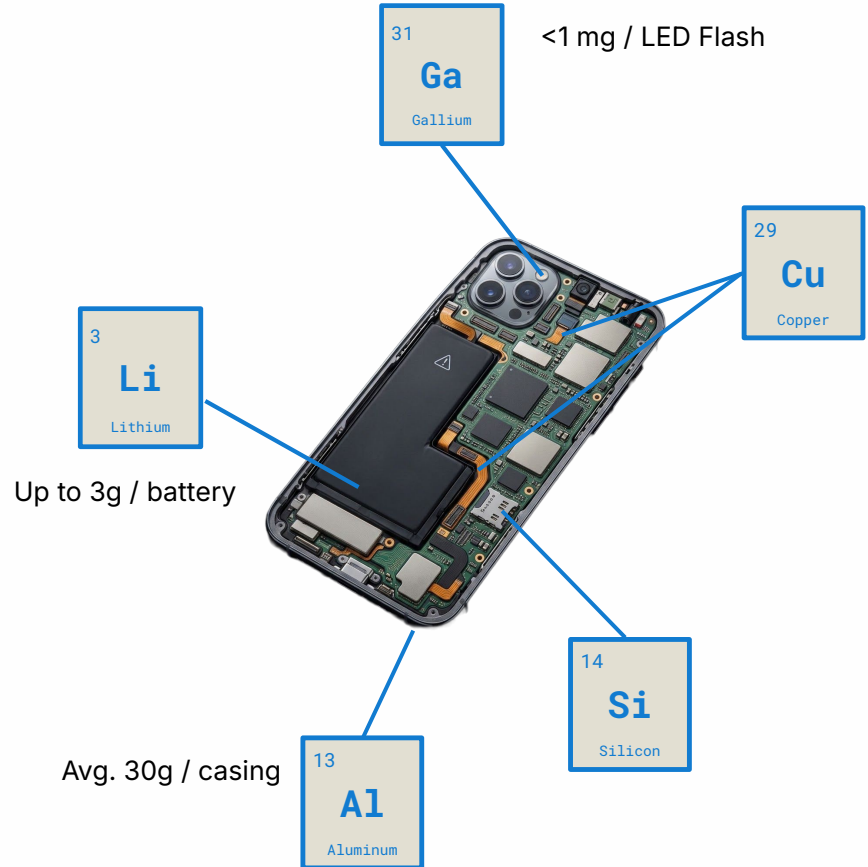
**Product
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Financial Materiality



**Product
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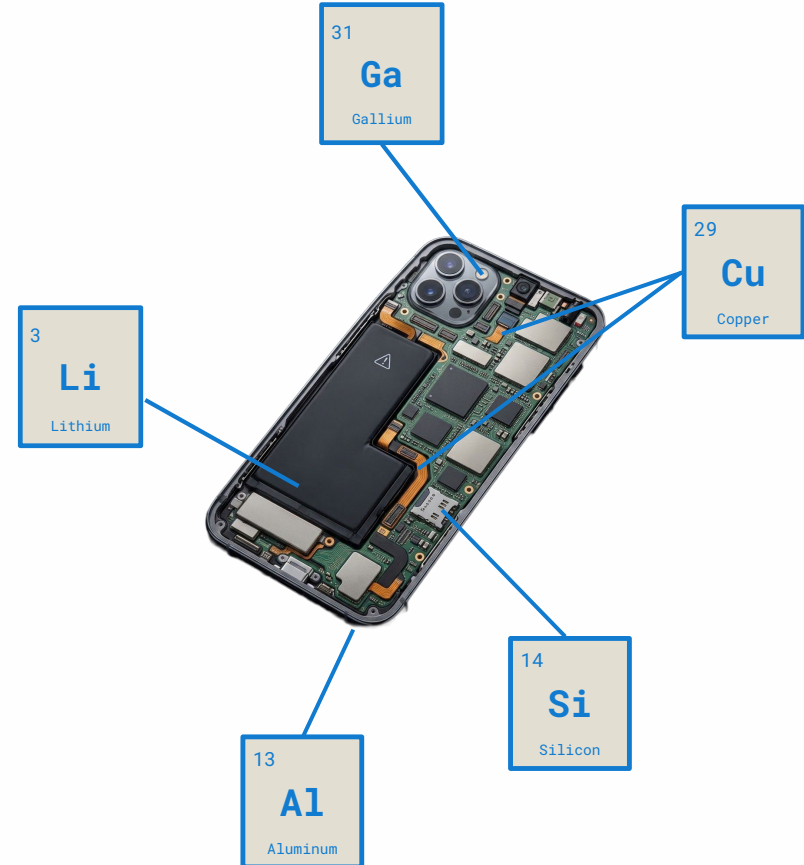
Financial Materiality



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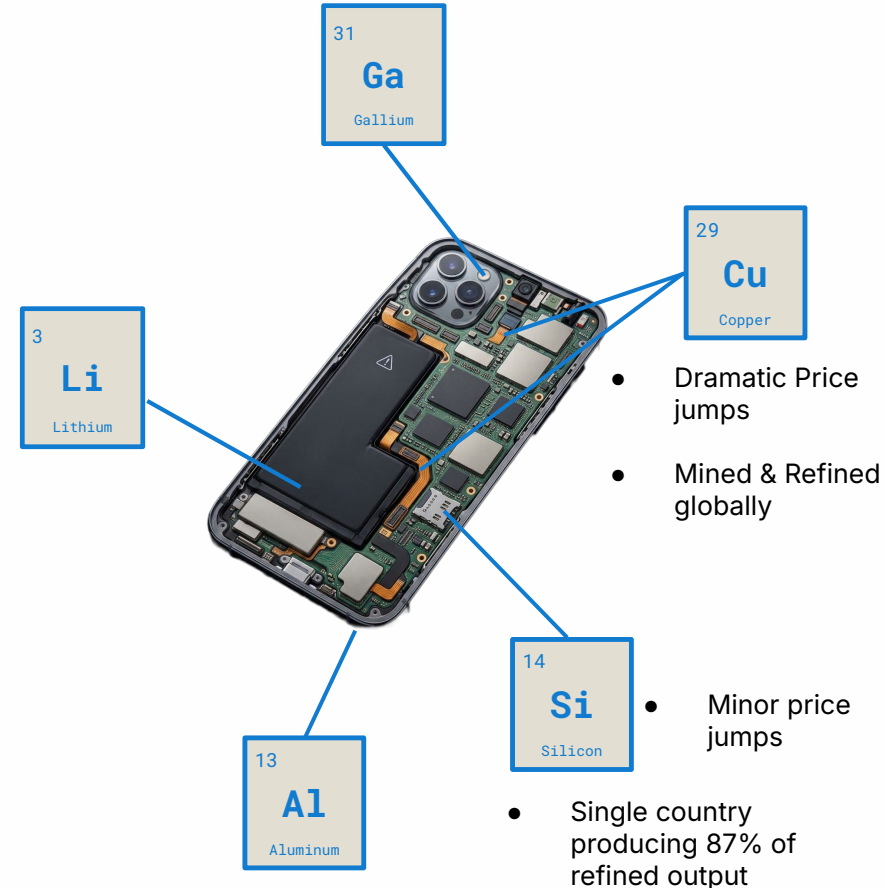
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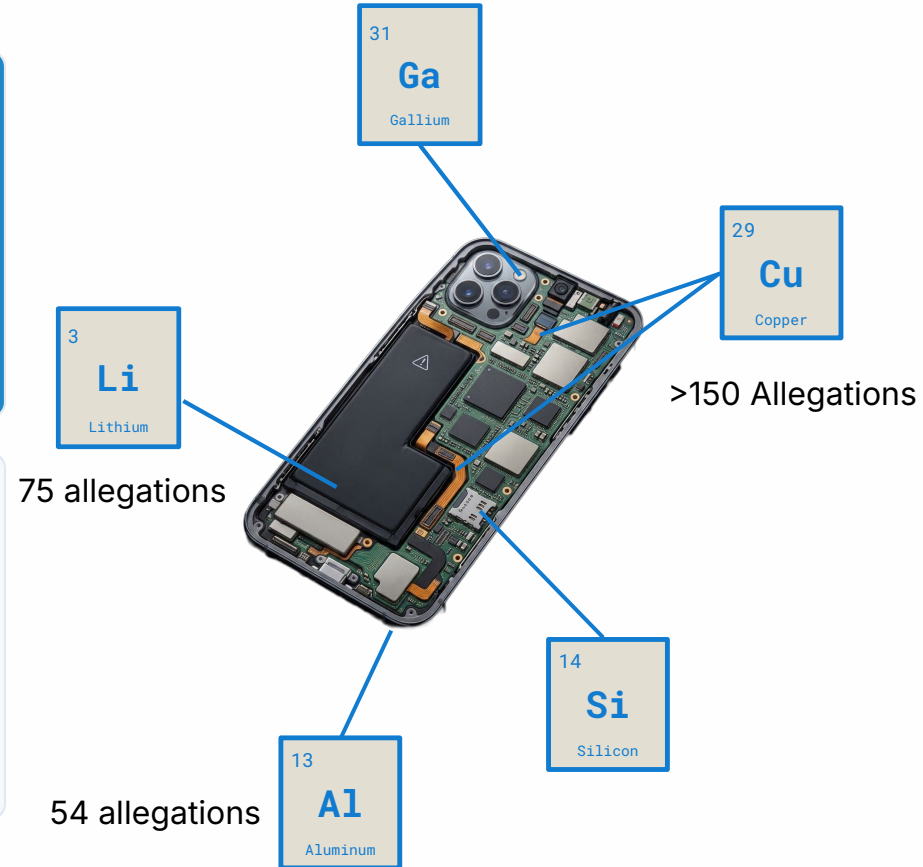


**Product
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**Impact to
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Impact Materiality



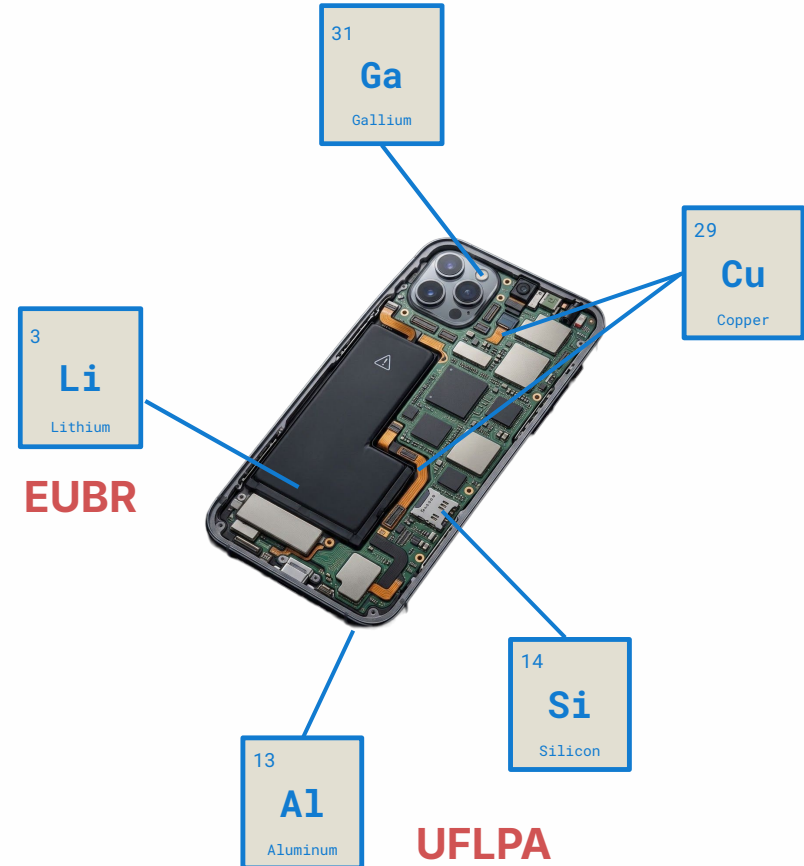
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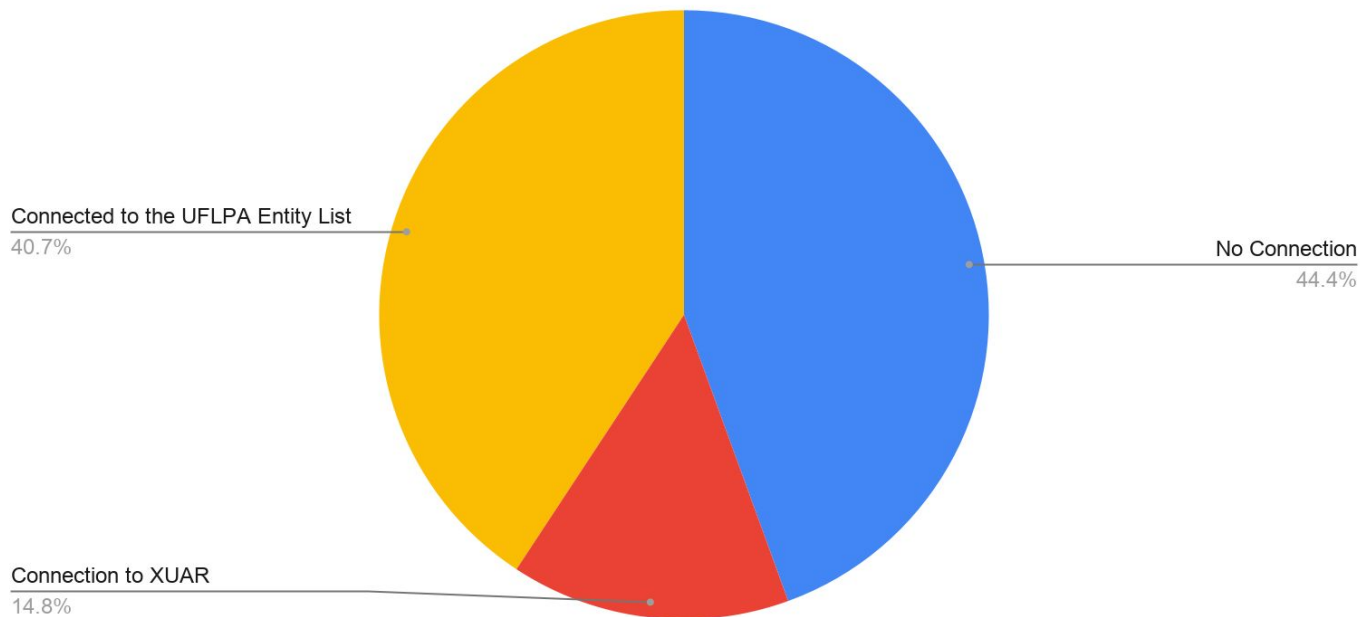
**Regulatory
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**Impact to
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Financial & Impact Materiality



Identified Chinese Aluminum Processors

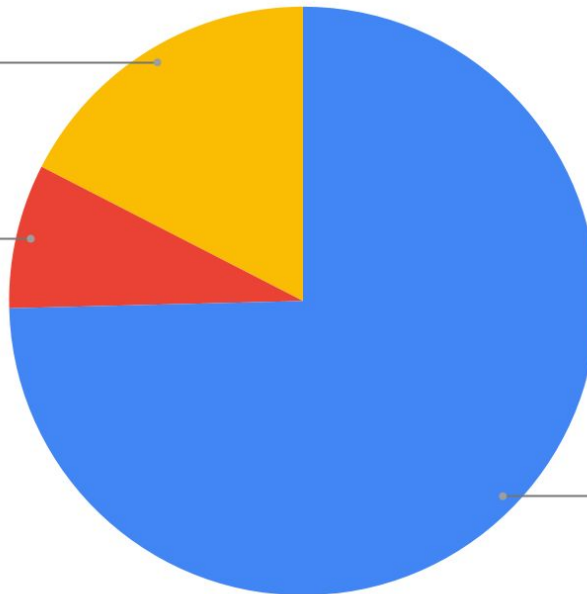


Total Identified Aluminum Processors

Connected to the UFLPA Entity List
17.5%

Connection to XUAR
7.9%

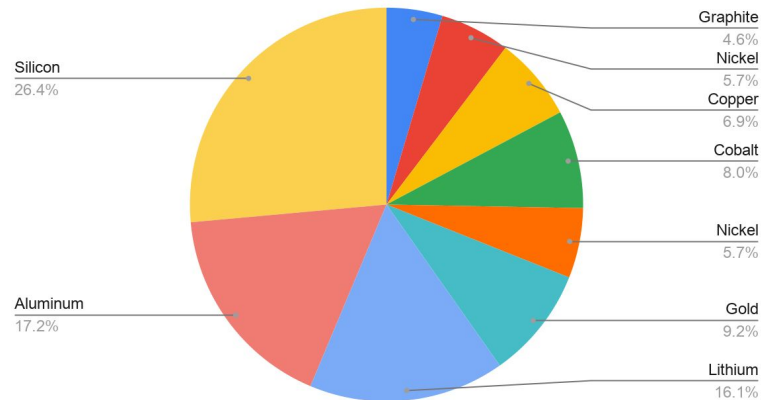
No Connection
74.6%



UFLPA Enforcement Updates

- On July 31st, the US added 43 entities to the UFLPA Entity List
- The update targeted a range of industries, including aluminum and lithium
- Claigan has identified 50+ mineral processing facilities connected to the XUAR across a range of minerals
- In line with the recent UFLPA update, most of these connections are found with aluminum, lithium, and silicon.

Facilities Connected to XUAR



Example of why early knowledge is so important.

November 2022: Claigan was the first to identify gold refiners that could be considered a risk under UFLPA, including Zijin Mining and Shandong Gold.

2022-2023: Touchstone research such as the [Driving Force](#) and [C4ADS](#) reports are published and present similar findings in regard to Zijin Mining and Shandong Gold.

January 2025: Zijin Mining & its XUAR-based subsidiaries are added to the UFLPA Entity List.

July 31, 2026: Shandong Gold & its Shandong-based smelter are added to the UFLPA Entity List.

August 5, 2026: Shandong Gold is placed under an IRP by the LBMA and suspended from the GDL. Subsequently, the smelter was removed from RMI's Public List.

On August 5th the Chinese Ministry of Commerce (MOFCOM) announced countermeasures prohibiting companies from “cooperating or transacting” with the RBA

- Currently unclear what exactly would fall under “cooperation”
- Impacts to China-based smelters participating in RMAP
 - RMI has publicly stated they will extend the validity for these smelters until further notice
- Concern about China-based suppliers’ ability to use RBA tools

How does this impact my company’s ability to conduct supply chain due diligence?

- Move away from over-reliance on audits
 - Passing one audit does not automatically ensure conformance with all global regulations
 - Choosing to not undergo one audit does not automatically mean a company should be considered a risk under every global regulation
- Diversify the risk indicators your due diligence process considers
- Can still use RBA tools for suppliers outside of China (just remember those tools may not be applied to sub-tier suppliers that are based in China)

- Refer to due diligence instruments (OECD Guidelines, UN Guiding Principles, ILO Tripartite Declaration, etc.)
- Establish criteria for measuring risk, ex:
 - Type
 - Severity
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 - *Note: Third-party systems also need to be assessed*
- Develop a formula to determine which facilities or allegations require the most immediate action

The USTR has implemented new Section 301 tariffs of 10 – 12.5%

*The USTR cites a June 2026 report that concluded **60+ economies** are not effectively enforcing an import ban on forced labour*

Dual Threat

1. US Import Duties
2. Increased enforcement from national governments

As of August 2026, around a dozen governments (incl. Canada), have committed to implementing strict(er) forced labour bans.

The EUFLR comes into effect in December 2027

Guidance was published in June

- Scope: all economic operators that place, make available, or export products on the EU market
- Ban on the importation of goods made using forced labour
- Will publish a database of high risk commodities / countries of origin

How to prepare

- Develop internal company due diligence policies and processes for identifying forced labour
- Conduct high-level risk assessments that identify high-risk countries of origin and commodities across your company's product lines
- Commission deep-dive desktop & on-site audits of specific suppliers (either direct suppliers or several tiers removed)

- It is never too early to get started. Know where the risks are now, so you aren't caught off guard later.
- Move beyond overwhelming data by setting strategic goals for where to focus due diligence efforts.
- Diversify your risk indicators and use a clear methodology to measure risk severity and pinpoint exactly where immediate action is required.

Any questions?



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