BlueCircle ADVISORS

Q3-Q4 2025

Regulatory Updates/Quarterly Report

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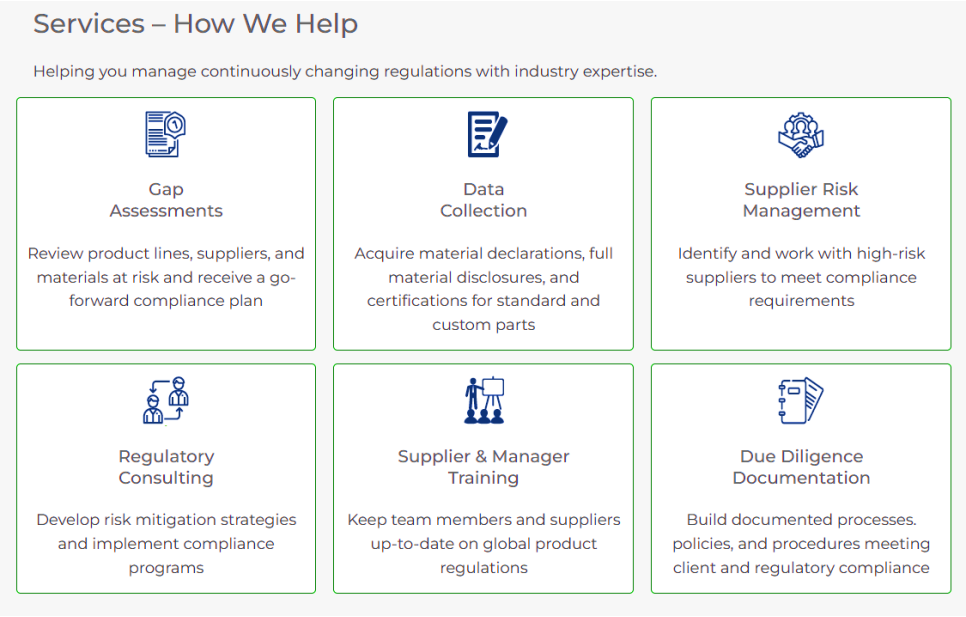
2 BLUECIRCLE ADVISORS

Our mission is to help you make safer products, build ethical supply chains, and protect your company's revenues by meeting global regulatory requirements, so that you can sell your products anywhere and at any time. We provide answers to your biggest compliance challenges and connect you with the right training, tools, and teams to make product compliance part of your everyday business.

The BCA Advantage!

- Compliance experts with more than 20 years in the compliance industry
- Managed solutions for building compliance programs, collecting data from suppliers, and training
- Consulting retainers for immediate answers to your compliance challenges
- Compliance training – live, online, on-site, webinars, and seminars
- World class data collection partners
- Ability to use API software to transfer supplier data from our system to yours
- Affiliations with industry associations to share compliance best practices



Our projects help you prevent stop shipments, fines, and fees enforced by customs. With the right subject matter expertise, we show you how to answer customer compliance questions and close that sales deal you have been working on for months!

As always, we thank you for your business!

3 EXECUTIVE SUMMARY

3.1 THIRD QUARTER AND STABILIZATION

As we are now at midpoint in 2025, we see product compliance and ESG regulations around the world being put on hold and timelines delayed. This includes the U.S. We see the United States aiming to deregulate and minimize new regulations to increase growth and set an environment for businesses to succeed.

This quarter RoHS, REACH, EPR, and PFAS continues to take center stage. There are new templates and regulations in minerals and mining. Extended Producer Responsibility for packaging and recycling are being pushed at the state level and there is a spotlight on chemical databases and the risk management of toxic chemicals.

During our live call, we will go over the report highlights and determine how each one will apply to your company and your customers. This will give us time to strategize about solutions to these challenges, as well as what types of tools, training, and documentation your company will need to be compliant.

3.2 IMPACT ON THE INDUSTRY

As we round the corner in 2025, we see impact in three key areas: geopolitical risks, economic factors, and technological advancements.

With all the instability and conflict happening around the world, trade is being reshaped. This is causing disruptions and higher costs to mount up for many manufacturers. The ongoing rivalry between the U.S. and China is shaking the international markets. This leads to broken working relationships and a fragmented economy. In addition, tariffs and trade policies are an ongoing concern on a daily, weekly, and monthly basis. It is causing disruptions in sourcing materials and leveraging global labor. The anxiety and inflation created by the current dynamics is cause for concern. On top of all of that is the advancement of technologies like artificial intelligence and constraints on semiconductors and quantum computing.

Companies survive by being steadfast and agile in managing their risks and building operational resilience. One way to do this, might be to include the process of exploring new markets, particularly in places where there is less geopolitical tension.

At BlueCircle Advisors, our plan is to keep you up to date on the most pressing regulations and concerns so that you can ship your products anywhere in the world. Together we share the goal of making safe products, reliable supply chains, and revenue protection.

4 ESG – NEW RULES OF BUSINESS

4.1 EU ISSUES NO ACTION LETTER

The European Banking Authority (EBA) Issues a No-Action Letter on the Application of ESG Disclosure Requirements under the Pillar 3 Disclosure Framework

The European Banking Authority (EBA) issued a no-action letter on August 6 on the application of ESG disclosure requirements under Pillar 3 of the Capital Requirements Regulation (CRR3). The no-action letter instructs member state national competent authorities (NCAs) not to prioritize enforcement actions in relation to various disclosure templates under Commission Implementing Regulation (EU) 2024/3172 and EBA Decision EBA/DC/498 of July 6, 2023, in view of legal and operational uncertainties triggered by the ongoing Sustainability Omnibus legislative package. The no-action letter formalizes guidance provided in the EBA's Consultation Paper on amended disclosure requirements for ESG risks, equity exposures, and aggregate exposure to shadow banking entities. [1]

4.2 CSRD REPORTING REQUIREMENTS IN 2025

Corporate Sustainability Reporting Directive (CSRD): Large and listed companies are now required to report on social and environmental risks. The first reports under the new rules will be for the 2024 financial year, published in 2025.

The Corporate Sustainability Reporting Directive (CSRD) mandates comprehensive sustainability reporting for many companies operating in the EU. The requirements are designed to enhance transparency and accountability regarding environmental, social, and governance (ESG) impacts.

Key Reporting Requirements:

- Applicability

Who Must Report:

- All companies listed on EU-regulated markets.
    - Large EU companies exceeding two of the following thresholds for two consecutive years:
    - 250 employees
- Balance sheet total of €25 million
    - Net turnover of €50 million
- Non-EU companies with significant operations in the EU.

[1] https://insights.issgovernance.com/posts/the-latest-in-esg-and-stewardship-regulation-september-2025/

Reporting Standards:

- European Sustainability Reporting Standards (ESRS): Companies must adhere to 12 ESRS covering various sustainability topics.
- Double Materiality: Companies must report on:
    - How sustainability issues affect their business.
    - Their impact on society and the environment.

Reporting Format:

- Standardized Digital Format: Reports must be submitted in a consistent digital format to facilitate comparability and understanding.

Timeline for Compliance:

- Initial Reporting: Companies in the first wave must report for the fiscal year 2024 by early 2025.
- Delays for Other Waves: Recent amendments have postponed reporting deadlines for larger companies and SMEs, with new timelines set for 2026 and 2027, respectively.

Conclusion:

The CSRD aims to improve the quality of sustainability reporting across the EU, ensuring that stakeholders have access to reliable and comparable information. Companies should prepare for these requirements to enhance their sustainability practices and meet regulatory expectations.

4.3 EFRAG REVISING THE ESRS REPORT IN 2025

The European Sustainability Reporting Standards (ESRS) are part of the EU's Corporate Sustainability Reporting Directive (CSRD). They set out the requirements for sustainability reporting by large and listed companies, focusing on social and environmental impacts.

The European Financial Reporting Advisory Group (EFRAG) is responsible for developing and revising the ESRS. In March 2025, EFRAG was tasked by the European Commission to simplify the existing standards to make them more manageable for companies.

Key Changes in the Revision Process:

- **Reduction of Data Points**: EFRAG has proposed cutting mandatory datapoints by 57% and the total number of datapoints (including voluntary ones) by 68%. This aims to streamline reporting requirements.
- **Simplification of Double Materiality Assessment**: The revision focuses on making the double materiality assessment easier to conduct, encouraging a top-down approach that starts with the business model.
- **Improved Clarity and Usability**: The revised standards will feature clearer language and better organization, making them more accessible for companies to implement.

Public Consultation and Next Steps:

A public consultation on the revised ESRS drafts is currently open until September 29, 2025. EFRAG will consider feedback before finalizing the standards, which are due to be submitted to the European Commission by November 30, 2025. This process aims to ensure that the standards remain relevant and effective in promoting sustainability reporting across the EU.

4.4 US ESG UPDATE

The environmental, social, and governance (ESG) landscape in the United States is currently characterized by significant fragmentation and political polarization. This situation affects how companies approach ESG compliance and reporting.

Key Regulatory Developments:

Federal Level

The proposed climate disclosure rule by the SEC has been indefinitely stayed, reflecting a shift away from federal ESG mandates.

The new SEC leadership is likely to deprioritize broader ESG-related regulatory efforts.

State-Level Initiatives

California has emerged as a leader with its Climate Accountability Package, which includes SB 253 and SB 261, requiring large companies to report their greenhouse gas emissions starting in 2026.

Other states, such as New York, New Jersey, and Illinois, are also introducing their own climate transparency regulations.

Challenges for Companies:

- Compliance Complexity
- Companies operating across multiple states face a patchwork of regulations, making compliance challenging.

The divergence in state laws can lead to conflicting requirements, complicating corporate strategies.

Political Backlash

ESG has become a contentious political issue, with some states enacting anti-ESG laws that restrict how companies can consider non-financial factors in their business decisions.

This backlash creates a difficult environment for companies to try to balance stakeholder expectations with regulatory compliance.

Future Trends

The focus is shifting from the quantity of ESG disclosures to their quality, with increasing demand for robust, auditable data.

Companies are investing in technology to enhance reporting accuracy and streamline compliance processes.

Navigating this complex landscape requires companies to stay informed and adapt their strategies to meet evolving regulatory expectations.[2]

5 ANTI-TRAFFICKING & FORCED LABOR ENFORCEMENT

What is human trafficking? Human trafficking involves the recruitment, transportation, or harboring of persons for the purpose of exploitation, typically in the sex industry or for forced labor.

This can include physical violence, sexual assault, and emotional abuse used to control a victim. Human trafficking can occur within a specific country or cross borders globally. Prostitution and forced servitude are two forms of trafficking. Often victims suffer when they try to escape or refuse to comply. Organized crime is often involved with trafficking.

5.1 COBALT SUPPLY CHAIN CHALLENGES

In September 2025, the Democratic Republic of Congo implemented a new cobalt export quota system to manage its significant cobalt supply, replacing a previous export ban. This system sets strict limits on cobalt shipments, aiming to stabilize prices and encourage domestic processing while allowing for adjustments based on market conditions.

New Export Quota System

The Democratic Republic of Congo (DRC), which produces about 70% of the world's cobalt, has introduced a new export quota system to manage its cobalt supply. This system replaces the previous export ban and aims to stabilize prices while promoting domestic processing.

- Immediate Allocation (Oct-Dec 2025): 18,125 tonnes permitted for export.
- Annual Caps (2026-2027): 96,600 tonnes per year, approximately 7,250 tonnes per month.
- Implementation Date: October 16, 2025.

[2] https://www.bakertilly.com/insights/how-mandatory-esg-and-sustainability-reporting-regulations-are-shifting

Key Features of the Quota System

Feature	Details
Pro-rata Allocation	Companies receive quotas based on historical export volumes.
Strategic Reserve	9,600 tonnes reserved annually for national strategic projects.
Compliance Requirements	Exporters must follow Congolese mining laws and regulations.
Adjustment Provisions	Quotas can be modified in response to market imbalances.

Objectives of the Quota System

- Price Stabilization: Aims to manage global supply to support favorable pricing.
- Revenue Generation: Allows continued export income while avoiding market disruption.
- Encouragement of Domestic Processing: Focus on increasing local processing to capture more value from exports.
- Implications for Global Markets

The DRC's quota system is expected to impact global cobalt markets significantly. It may lead to price stabilization and affect supply chains, particularly for electric vehicle manufacturers reliant on stable cobalt inputs. The DRC's collaboration with Indonesia, another major cobalt producer, could further influence market dynamics.[3]

5.2 UPDATES TO UFLPA

On August 19, 2025, the Forced Labor Enforcement Task Force, chaired by the Department of Homeland Security and including agencies such as the Department of Labor, released its annual update to the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China. This update, required by the Uyghur Forced Labor Prevention Act (UFLPA), outlines expanded enforcement measures to prevent goods made with forced labor—especially in the Xinjiang Uyghur Autonomous Region—from entering the U.S. market.

The Task Force has identified five new high-priority sectors for enforcement: **caustic soda, copper, jujubes (red dates), lithium, and steel**. These join previously designated sectors such as **apparel, cotton, tomatoes, polyvinyl chloride, seafood, silica-based products, and aluminum**. The selection of these sectors is based on credible evidence of forced labor risk, government investment targeting Xinjiang, and the region's prominence in global production. The strategy

[3] https://discoveryalert.com.au/news/congo-cobalt-export-quota-system-2025/

encourages American companies to intensify scrutiny and due diligence in these sectors to mitigate regulatory and reputational risk.

The 2025 update also significantly expanded the UFLPA Entity List, which now includes **144 entities,** up from 66 in 2024. The Task Force added 78 new entities, removed one, and made three technical corrections, reflecting streamlined processes for identifying organizations involved in forced labor. Goods produced by these entities are presumed to be made with forced labor and are prohibited from entry unless importers provide clear and convincing evidence to the contrary. The update also includes a detailed product list, ranging from textiles and apparel to chemicals, batteries, metals, agricultural goods, and electronics, providing importers with guidance on supply chain risks. [4]

A link to the current UFLPA Entity List: https://www.dhs.gov/uflpa-entity-list

5.3 AIAG FORCED LABOR LETTER FROM CAR MANUFACTURERS

For the first time, six leading manufacturers — **Ford, General Motors, Honda, Nissan, Stellantis and Toyota** — have come together in a joint letter to suppliers, signaling a unified approach to forced labor due diligence.

It's a clear message that the industry is aligned on what responsible supply chains look like in today's evolving regulatory landscape. Supported by the **Automotive Industry Action Group (AIAG)**, this industry collaboration created the Forced Labor Due Diligence Program, featuring a standardized reporting template (DDRT), access to trusted risk screening tools and comprehensive learning resources — all designed to make meeting government and OEM compliance requirements more straightforward and consistent.

Starting **September 2025**, OEMs will identify select suppliers that will be required to report forced labor risks through the DDRT, with broader supplier participation rolling out through mid-2026. For suppliers, using this industry-aligned program means less guesswork, fewer duplicated requests and clearer guidance — helping you be compliant while focusing on what matters most: building an ethical, sustainable supply chain. The entered information generates a Supply Chain Due Diligence Declaration. [5]

5.4 EU FORCED LABOR REGULATION UPDATES

The EU Forced Labour Regulation aims to prohibit the sale of products made with forced labour within the EU market. This regulation is a significant step towards addressing global forced labour issues, impacting an estimated 27.6 million people worldwide.

Key Features:

Scope: The regulation applies to all products, regardless of origin, including those produced within the EU.

[4] https://www.cmtradelaw.com/2025/08/dhs-2025-uflpa-update-targets-new-industries-and-expands-entity-list/

[5] https://www.mema.org/research-and-insights/industry-resources/aiag-forced-labor-due-diligence-requirements-joint-letter

Definition: It adopts the International Labour Organization's definition of forced labour, which includes any work extracted under threat or coercion.

Implementation Timeline

Date	Requirement
December 13, 2024	Regulation enters into force
December 14, 2025	Member states must designate competent authorities
June 14, 2026	European Commission to issue compliance guidelines
December 14, 2027	Regulation fully applicable

Investigation Process

Risk-Based Approach: Authorities will prioritize investigations based on risk indicators, focusing on high-risk sectors and regions.

Due Diligence: Companies are encouraged to demonstrate their efforts to combat forced labour, which may help avoid investigations.

Implications for Businesses

The regulation requires businesses to ensure their supply chains are free from forced labour. Companies must engage with stakeholders and implement due diligence practices to mitigate risks. Failure to comply could lead to significant enforcement actions.

This regulation complements existing EU laws, such as the Corporate Sustainability Due Diligence Directive, enhancing overall supply chain transparency and accountability.

6 MINERALS AND MINING

6.1 US CRITICAL MINERAL REGULATION

The U.S. government is actively updating its approach to critical minerals, which are essential for economic and national security. The latest developments include the release of the draft 2025 List of Critical Minerals by the U.S. Geological Survey (USGS).

Key Updates

- **Draft 2025 List**: The draft includes 54 mineral commodities, with 50 based on economic assessments of supply chain vulnerabilities. This list is crucial for guiding federal strategies and investments in mining and resource recovery.

  Draft list: https://www.federalregister.gov/documents/2025/08/26/2025-16311/2025-draft-list-of-critical-minerals

- **Methodology**: The USGS employs a new model to assess potential supply chain disruptions and their economic impacts. This model evaluates over 1,200 trade disruption scenarios affecting 84 mineral commodities.
- **Public Comment Period**: The draft list was opened for public comment until September 25, 2025. Stakeholders can provide input on the inclusion of specific minerals and the overall methodology.

Importance of Critical Minerals

Critical minerals are vital for various industries, including technology, defense, and clean energy. The U.S. relies heavily on imports for many of these minerals, making supply chain security a priority. For instance, disruptions in the supply of rhodium could lead to significant economic losses, highlighting the need for a robust domestic supply chain.

Legislative Framework

The regulation of critical minerals is guided by the Energy Act of 2020, which mandates regular updates to the critical minerals list. This act emphasizes the importance of securing domestic production and processing capabilities to reduce reliance on foreign sources.

These regulatory efforts aim to enhance the resilience of the U.S. mineral supply chain, ensuring that essential materials are available for future economic growth and technological advancement.[6]

[6] https://www.congress.gov/crs-product/R47982

6.2 NEW EMRT 2.0 TEMPLATE

The European Commission has approved a list of 13 critical minerals projects located outside the EU for designation as strategic projects, complementing the list of 47 EU strategic projects adopted on March 25.

Announced June 4, the newly designated projects, spanning 11 countries and EU overseas territories across four continents, are expected to help secure critical minerals essential for Europe's energy transition while reducing dependency on single suppliers like China, which currently dominates many critical mineral supply chains.

Global distribution

The projects are strategically distributed across a wide range of mineral-rich nations and EU overseas territories, comprising Brazil, Canada, Greenland (Denmark), Kazakhstan, Madagascar, Malawi, New Caledonia (France), Norway, Serbia, South Africa, the UK, Ukraine and Zambia.

Among the new list, the emphasis on **battery materials** is particularly notable, with 10 projects targeting minerals essential for electric vehicles and energy storage systems, including **lithium, nickel, cobalt, manganese and graphite**. These materials are critical for Europe's automotive sector as it transitions to electric mobility and for the continent's renewable energy ambitions.

Two projects, located in Malawi and South Africa, will extract rare earth elements critical for manufacturing high-performance magnets used in wind turbines and electric motors. When combined with three rare earth processing projects already approved within the EU, these initiatives could significantly strengthen Europe's position in the rare earth supply chain, which has been dominated by China for decades.[7]

6.3 NEW AMRT 1.21 TEMPLATE

The **Additional Minerals Reporting Template (AMRT)**, formerly known as the Pilot Reporting Template (PRT), is a free, standardized reporting template developed by the Responsible Minerals Initiative to identify pinch points and collect due diligence information for minerals not covered by the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT). This is a template that was formally launched on November 11, 2022. The RMI recommends using AMRT v. 1.21 or higher for the Reporting Year.

The PRT has been renamed as the AMRT, and the AMRT version 1.21 file was released on October 4, 2024. After nearly 2 years following its initial release, the PRT file has moved beyond a "pilot" phase, which justifies the new AMRT name. There were also reports of low supplier uptake with the PRT as companies may not have considered the PRT to be an official reporting template offered by the RMI or viewed it as an optional form. Therefore, the RMI anticipates greater participation with the AMRT as companies roll out their mineral surveys for the 2024 reporting year.

Download it here: https://www.responsiblemineralsinitiative.org/reporting-templates/amrt/

[7] https://www.spglobal.com/commodity-insights/en/news-research/latest-news/metals/060425-eu-identifies-13-new-strategic-critical-mineral-projects-located-outside-bloc

7 EXTENDED PRODUCER RESPONSIBILITY

7.1 UPDATES TO US EPR DEADLINES

The EPR space is chaotic. Companies need to implement individual compliance plans by state, federal, and country. Let us know if you need to develop EPR programs for the states in which you do business.

Past Implementation Dates

Oregon (First to Launch)

✓ July 1, 2025: EPR program launched

✓ June 2025: First fees were due

Action needed: Late registration still accepted; contact CAA immediately

California

✓ July 1, 2025: Producer enrollment deadline passed

Action needed: Register now to avoid penalties; late registration available

Upcoming Deadlines:

Colorado

- July 31, 2025: Submit Q1-Q2 2025 packaging data
- January 2026: First fees due

California (Continued)

- August 31, 2025: Submit 2024 packaging data – CRITICAL DEADLINE
- 2026: Fee payments begin
- 2032 targets: 25% reduction in single-use plastics, 65% recycling rate

Additional EPR Concerns:

Truth in Labeling (California SB 343)

- October 2026: Full compliance deadline
- Prohibits misleading recyclability claims
- Requires materials to be actually recycled, not just theoretically recyclable

Material Bans & Safety Requirements

Multiple states and cities are implementing restrictions:

- PFAS (forever chemicals): Banned in food packaging in several states
- Single-use plastic bags: Switch to reusable fabric totes or canvas bags
- Polystyrene (foam): Consider corrugated alternatives
- Suffocation warnings: Required on poly bags ≤1 mil in 5 states; Amazon FBA requires warnings on all poly bags ≥1.5 mil

Let us know if you need help developing a program to meet compliance requirements.[8]

8 EU ROHS

8.1 EU ROHS EXEMPTION RENEWALS ADOPTED

The European Commission has adopted several renewal decisions for several EU RoHS Annex III exemptions, including critical exemptions such as 7(a), 7(c)-I, 7(c)-II, 6(a), 6(b), and 6(c).

These EU RoHS Annex III exemptions, many of which are heavily applied and essential for electronics manufacturers, have been without effective expiry dates since requests for renewal were submitted as far back as November of 2019.

These decisions have been long-awaited by industry, and producers are encouraged to review potential impacts to their products.

As noted in our January 29 blog post, draft renewal decisions were published by the EU Commission for these critical exemptions in January 2025. In those draft decisions, the EU authorities had indicated specific expiry dates for those exemptions. Because of delays in adopting those draft decisions, the final adopted versions have some changes to expiry dates which vary from the initial published drafts.

[8] https://www.primelinepackaging.com/blog/everything-you-need-to-know-about-2025-packaging-regulations/

Summary of Draft Exemption Updates

The updates are complex, as some exemptions have been designated to be renewed, some designated as renewed with varying expiry dates under new application-specific exemptions, and some designated not to be renewed at all. Below is a summary of the changes:

Exemption 7(a): This exemption will remain in force in its current form until June 30, 2027 (extended from the initially proposed date of December 31, 2026), with specific more narrowly defined applications being additionally extended until December 31, 2027 by new exemptions 7(a)-I through 7(a)-VII.

Exemption 7(c)-I: This exemption will remain in force in its current form until June 30, 2027 (extended from the initially proposed date of December 31, 2026), with specific more narrowly defined applications being additionally extended until December 31, 2027 by new exemptions 7(c)-V and 7(c)-VI.

Exemption 7(c)-II: This exemption will remain in force until December 31, 2027 (no change from initial proposed date.)

Exemption 6(a): This exemption will not be renewed and will cease to be in force 12 months after the final delegated directive comes into force. However, Exemption 6(a)-I will be broken up into two exemptions – 6(a)-I and 6(a)-II, both of which will be in force until June 30, 2027 (extended from the initially proposed date of December 31, 2026).

Exemption 6(b): This exemption will not be renewed and will cease to be in force 18 months (extended from the initially proposed 12-month period) after the final delegated directive comes into force.

Exemptions 6(b)-I and 6(b)-II: These exemptions will not be renewed for product categories 1-7 and 10 and will cease to be in force 12 months [6(b)-I] or 18 months [6(b)-II] after the final delegated directive comes into force. However, these exemptions will remain in force for product categories 9 (industrial monitoring and control equipment) and 11 until June 30, 2027 (extended from the initially proposed date of December 31, 2026).

Additionally, a new **Exemption 6(b)-III** is provided which will expire June 30, 2027 (extended from the initially proposed date of December 31, 2026) and applies to product categories 1-8, 9 (other than industrial monitoring and control equipment), and 10.

Exemption 6(c): This exemption will remain in force until June 30, 2027 (extended from the initially proposed date of December 31, 2026).

According to the EU Commission's website, the newly adopted delegated directives will be subject to a two-month scrutiny period of the European Parliament and the Council (an extension of the scrutiny period on request is possible). After this scrutiny period, in case of no objections from the co-legislators, the Delegated Directive will be published in the Official Journal. The updates will come into force 20 days after publication. These changes are expected to be published by the end of 2025.[9]

[9] https://www.greensofttech.com/blog-2025-eu-rohs-exemption-renewals-adopted/

8.2 REFINEMENT OF LEAD EXEMPTION CLAUSES

On September 8, 2025, the European Commission formally adopted three draft delegated directives, revising Annex III of Directive 2011/65/EU (RoHS Directive). The revisions focus on exemptions for lead in glass/ceramics, alloys, and high-temperature solder. The details are as follows:

I. Exemptions for Lead in Glass and Ceramic Components

Original exemptions 7(c)-I and 7(c)-II are updated, with two new refined exemptions 7(c)-V and 7(c)-VI added:

- 7(c)-I: Lead used in non-dielectric ceramic electrical and electronic components, applicable to all categories, exempt until June 30, 2027.
- 7(c)-II: Lead used in dielectric ceramic capacitors, applicable to all categories with rated voltage of 125 V AC or 250 V DC and above, exempt until December 31, 2027.
- 7(c)-V: Lead in glass materials for specific functions such as high-voltage diode insulation, sealing, low-temperature bonding, resistive materials, and microchannel plates, exempt until December 31, 2027.
- 7(c)-VI: Lead in ceramic materials for applications like piezoelectric ceramics (PZT) and positive temperature coefficient (PTC) ceramics, exempt until December 31, 2027.

II. Exemptions for Lead in Metal Alloys

1. Lead in Steel (Clause 6(a) Series)

- 6(a)-I: Steel for processing purposes, lead content ≤0.35%, exempt until June 30, 2027.
- 6(a)-II: Steel for mass-produced hot-dip galvanized components, lead content ≤0.2%, exempt until June 30, 2027.

2. Lead in Aluminum (Clause 6(b) Series)

- 6(b)-I: Aluminum alloys sourced from recycled aluminum, lead content ≤0.4%, partially exempt until June 30, 2027.
- 6(b)-II: Aluminum alloys for processing purposes, lead content ≤0.4%, with partial category exemptions extended to 18 months after the directive takes effect.
- New 6(b)-III: Cast aluminum alloys, lead content ≤0.3%, sourced from lead-containing aluminum scrap recycling, exempted until June 30, 2027.

3. Lead in copper alloys (Article 6(c))

- Lead content in copper alloys ≤4%, exempted until June 30, 2027.

III. Exemptions for Lead in High Melting Temperature Type Solders

- Original Article 7(a) granted exemptions for the use of high-melting-point solders (lead content ≥85%) but did not specify specific application scenarios, posing a risk of misuse.

This revised draft will take effect 20 days after publication in the EU Official Journal. Relevant enterprises should strictly comply with the revised exemption clauses and adjust production and management strategies in a timely manner to avoid compliance risks.[10]

9 EU REACH

9.1 PROPOSED JANUARY 2026 SVHCS

The European Chemicals Agency (ECHA) is set to expand its Candidate List of Substances of Very High Concern (SVHCs) by adding three new substances. This proposal is part of a public consultation that began on September 1, 2025, and will conclude on October 16, 2025. If approved, these substances will be included in the SVHC list by early 2026.

New Substances Proposed

Name	EC Number	CAS Number	Reason for proposing
4,4'-[2,2,2-trifluoro-1-(trifluoromethyl)ethylidene]diphenol and its salts	-	-	Toxic for reproduction (Article 57c)
4,4'-methylenediphenol	210-658-2	620-92-8	Toxic for reproduction (Article 57c)
n-hexane	203-777-6	110-54-3	Specific target organ toxicity after repeated exposure (Article 57(f) - human health)

Obligations for Companies When Products Contain SVHCs

- Provide Safety Data Sheets (SDS) to downstream users when SVHCs are sold individually.
- Provide SDS if SVHCs are present in mixtures at concentrations ≥0.1%.
- Provide detailed information free of charge within 45 days to downstream users or consumers if SVHCs exceed 0.1% (w/w) in articles.

[10] https://www.cirs-group.com/en/chemicals/eu-rohs-directive-update-comprehensive-refinement-of-lead-exemption-clauses

- Notify ECHA within six months if an article contains >0.1% (w/w) of a single SVHC and the annual export volume exceeds 1 ton.
- Submit SCIP notifications for articles containing SVHCs >0.1% since January 5, 2021, in compliance with the EU Waste Framework Directive (WFD).

The inclusion of these substances as SVHCs will enhance regulatory scrutiny and may lead to further restrictions on their use in the EU.[11]

9.2 EU REACH AND MICROPLASTICS

The European Union (EU) has informed the World Trade Organization (WTO) of its intention to revise the requirements for microplastics under the REACH regulation.

In March 2025, the European Commission's technical services issued a three-part explanatory guide for implementing the restriction of synthetic polymer microparticles (SPMs), also known as microplastics, under entry 78 to Annex XVII of Regulation (EC) No. 1907/2006 'Registration, Evaluation, Authorization and Restriction of Chemicals (Annex VII of REACH, current consolidated version to June 2025, SafeGuardS 57/25). This guide was endorsed by member states by consensus, except for the view that articles with glitter affixed on their surface fall outside the scope of the restriction.

On September 17, 2025, the WTO announced a draft regulation from the EU on its intention to revise entry 78 on SPMs under Annex XVII of REACH. According to the WTO notification, the current enacting terms in entry 78 do not accurately reflect the regulators' intention:

- To derogate all medicinal products, including those used in clinical trials
- To derogate uses for product and process-oriented research and development
- Not to derogate SPMs permanently incorporated into a solid matrix that is intended to be frequently removed and replaced. This amendment would clarify that paragraph 5, point (c) of entry 78 only covers cases where the end use is expected to last for one year or longer

The proposed amendment for the first two points will apply retroactively from October 2023.[12]

9.3 EU REACH REPORTING FOR MICROPLASTICS – GUIDANCE DOCUMENT

This Guidance Document, published on 16 April 2025 by the European Chemicals Agency (ECHA), relates to the implementation of the reporting requirements of the restriction on microplastics, set out in Entry 78 of Annex XVII of the EU REACH Regulation. The reporting requirements concern estimated annual emissions of synthetic polymer microparticles ("SPM") to the environment and apply to manufacturers, industrial downstream users and suppliers placing SPM on the market for the first time.

[11] https://www.cirs-group.com/en/chemicals/echa-proposes-adding-3-new-substances-to-svhc-list

[12] https://www.sgs.com/en/news/2025/09/safeguards-14325-eu-consults-over-revised-entry-for-microplastics-under-reach

To ensure optimal use of the reported information and to facilitate enforcement, the reporting information is made available to the Member States by ECHA.

The Guidance Document outlines the legal definitions, reporting timelines and data that shall be submitted (including use descriptions; polymer identities, emission estimations, and relevant derogations). The Guidance also details the reporting process using the reporting tool (IUCLID), submission of dossiers via REACH-IT, etc.[13]

9.4 EU REACH MAINTAINS PFAS LIST FOR NOW

ECHA publishes updated PFAS restriction proposal

On August 20, 2025, the European Chemicals Agency (ECHA) published an updated proposal to restrict per- and polyfluoroalkyl substances (PFAS) under the EU REACH regulation.

After evaluating comments received from third parties during the consultation period, the authorities from Denmark, Germany, the Netherlands, Norway, and Sweden have updated their 2023 PFAS restriction proposal. The revised report, known as the Background Document, now serves as the basis for ECHA's committee opinions.

This is another step in an ongoing, multi-stage effort to define and restrict PFAS in the EU that has been evolving for years.

The Proposed plan includes these options:

- Restriction Option 1 (RO1) would impose a full ban on PFAS, with only a few derogations for essential uses where no alternatives are available. It includes a short transition period of about 18 months after entry into force. However, RO1 is considered unrealistic and difficult to implement in practice.

- Restriction Option 2 (RO2) would be implemented through EU REACH Annex XVII. It would allow wider exemptions through time-limited transition periods of 5 or 12 years, or in some cases without a fixed limit, depending on the sector, product, and/or application. These derogations could later be reviewed and withdrawn once suitable alternatives are available. See the proposed examples below for the EEE sector.
    - Coatings and films on displays and lenses of electronic complex objects for 6.5 years after Entry into Force (EiF).
    - Printed circuit boards and antennas for 13.5 years after EiF
    - Photonics for 13.5 years after EiF
    - Semiconductor manufacturing until 13.5 years after EiF
    - Coatings and films of electronic components (excluding displays and lenses) for 13.5 years after EiF
    - Binders and electrolytes in batteries until 13.5 years after EIF

[13] https://www.complianceandrisks.com/blog/whats-trending-in-compliance-may-2025/

- Restriction Option 3 (RO3) represents a sector-specific, balanced approach. It's seen as both practical and enforceable, with the added advantage of delivering significant emissions reductions.[14]

We will keep you updated.

10 GLOBAL MATERIAL AND CHEMICAL REGULATIONS

10.1 EU OMNIBUS " DIGITAL BY DEFAULT" PRODUCT COMPLIANCE

On 21 May 2025, the European Commission published its Omnibus IV simplification package, introducing a Regulation and a Directive to update numerous product-safety laws with a "digital by default" approach. Its core objectives are to streamline reporting and enhance legal certainty for businesses in the Single Market. The proposed changes not only move processes from paper to digital but also redefine how companies demonstrate compliance and meet product safety requirements. The proposals now enter the legislative process, requiring approval from both the European Parliament and the Council under ordinary legislative procedure. Although this procedure generally takes around 18 months, the co-legislators may choose to fast-track the file. At this stage, it remains unclear whether such acceleration will occur. Debates might focus on the common specifications as a different method for meeting compliance requirements.

I. Simplification and Digitalization

The proposals clarify reporting methods to reduce administrative burdens for all economic operators. Key measures involve eliminating paper-based declarations of conformity, adopting digital formats for instructions for use and introducing common specifications. Ultimately, this initiative aims to digitalize reporting obligations without compromising consumer protection and safety.

Proposed key changes include:

- Digitalization of the EU Declaration of Conformity (DoC): The DoC must be produced electronically and, when required to accompany a product, be accessible via an internet address or a machine-readable code (like QR codes).
- Digital Provision of Instructions for Use (IFUs): Manufacturers may offer IFUs digitally, while safety information must still be printed or marked on the product. Consumers will also have the right to request a free paper copy within a specified period.
- Mandatory Digital Contact Point: Manufacturers must indicate an up-to-date, accessible online communication channel (not requiring registration or application download) on products and in the DoC, in addition to providing the traditional postal contact address.

[14] https://www.greensofttech.com/blog-2025-echa-takes-next-step-in-restricting-pfas-under-eu-reach/

- Integration with the Digital Product Passport (DPP): For products subject to a mandated DPP, information from the DoC and IFUs must be stored in or accessible via the DPP.
- Electronic Exchanges with Authorities: Documentation requested by national authorities to verify compliance must be provided electronically.

The proposals will affect various industries subject to EU harmonized rules, including the machinery, batteries, and electric, electronic and radio equipment sectors. All economic operators across the value chain - including manufacturers, authorized representatives, importers and distributors - will need to comply with the updated rules.[15]

10.2 CHINA ISSUES MANDATOY ROHS STANDARD - GB 26572-2025

China has issued GB 26572-2025, its first mandatory restriction of hazardous substances (RoHS) standard, effective August 1, 2027.

On August 1, 2025, China officially released GB 26572-2025 – 'Requirements for Restricted Use of Hazardous Substances in Electrical and Electronic Products'. This is China's first mandatory RoHS standard, which will take effect on August 1, 2027, fully replacing the previous GB/T 26572-2011 standard. The new standard marks a significant step in strengthening environmental compliance for electrical and electronic products in the Chinese market.

The scope of China RoHS has been expanded from six to ten hazardous substances, with the addition of four phthalates, aligning it with global regulatory trends like EU RoHS:

No.	Substance	Abbreviation	Limit (% by weight)
1	Dibutyl phthalate	DBP	≤0.1
2	Diisobutyl phthalate	DIBP	≤0.1
3	Benzyl butyl phthalate	BBP	≤0.1
4	Bis(2-ethylhexyl) phthalate	DEHP	≤0.1

This expansion underscores China's commitment to aligning with international standards and enhancing consumer safety protections.

[15] https://www.linklaters.com/insights/blogs/productliabilitylinks/2025/june/eu-omnibus-iv-towards-a-digital-by-default-era-for-product-compliance

Unified testing methods

GB 26572-2025 explicitly designates the GB/T 39560 series – 'Determination of Certain Substances in Electrical and Electronic Products' – as the sole testing methodology for the standard. This standardization ensures the accuracy, consistency and reliability of test results, improves comparability across the industry and reduces compliance uncertainties for enterprises.

New product classifications and requirements

The standard introduces a two-category system for electrical and electronic products:

Category I: products listed in the catalogue for compliance management must meet both substance concentration limits and labeling requirements

Category II: other products are subject only to labeling obligations, though compliance with substance limits is encouraged voluntarily

This categorization provides flexibility while maintaining strict oversight for high-priority products.

Mandatory labeling requirements

By incorporating the stipulations of SJ/T 11364-2024 into the mandatory GB 26572-2025, China has elevated labeling requirements to national standard status. This move underscores the country's commitment to enhancing market transparency for consumers and increasing accountability within the industry.

Updates to terms and definitions

The new standard refines terminology to reflect regulatory developments. The term 'restricted substances' has been replaced with 'hazardous substances' and three new terms have been added:

- Environment-friendly use period
- Catalogue for compliance management of restricted use of hazardous substances in electrical and electronic products
- Exemption

These updates provide greater clarity for implementation and enforcement.

10.3 STRENGTHENING KOREA ROHS

As of September 2025, South Korea is in the process of strengthening its RoHS regulations. Key updates include:

New Product Categories: The Korean Ministry of Environment has proposed to include 23 additional product categories under the RoHS framework. These include common household items like dehumidifiers, toasters, and electric kettles.

Expanded Substance Restrictions: The proposal aims to add four new hazardous substances—DEHP, BBP, DBP, and DIBP—to the existing list of restricted materials.

Compliance and Enforcement

- Implementation Timeline: The enforcement of these new provisions is expected to begin on January 1, 2026.
- Regulatory Alignment: The amendments are designed to align more closely with the European Union's RoHS directives, ensuring that South Korea's regulations meet international standards.

Importance of Compliance

Manufacturers and importers of electronic and electrical products in South Korea must prepare for these changes to ensure compliance. This includes understanding the new product categories and the substances that will be restricted under the updated regulations.

11 GLOBAL PFAS CONCERNS (US, EU, CANADA, ASIA)

PFAS BACKGROUND

The per-and polyfluorinated substances (PFAS) were previously referred to as perfluorochemicals (PFCs). PFAS are a group of chemicals used to make fluoropolymer coatings and products that resist heat, oil, stains, grease, and water. Fluoropolymer coatings can be used in such varied products as clothing, furniture, adhesives, food packaging, heat-resistant non-stick cooking surfaces, and the insulation of electrical wire. Many chemicals in this group, including perfluorooctane sulfonic acid (PFOS) and perfluorooctanoic acid (PFOA), have been a concern because they do not break down in the environment, can move through soils and contaminate drinking water sources, and they build up (bioaccumulate) in fish and wildlife. PFAS have been found in rivers and lakes and in many types of animals on land and in the water.[16]

PFAS have a wide range of different physical and chemical properties. They can be gases, liquids, or solid high-molecular weight polymers. They are sometimes described as long-chain and short-chain to group PFAS that may behave similarly in the environment. PFAS are also grouped into subgroups in various other ways based on their structure.

PFAS are widely used as they have unique desirable properties. For instance, they are stable under intense heat. Many of them also have surfactant properties and functions, e.g., as water and grease repellents.

[16] https://www.cdc.gov/biomonitoring/PFAS_FactSheet.html

Some of the major industry sectors using PFAS include aerospace and defense, automotive, aviation, textiles, leather and apparel, construction and household products, electronics, firefighting, food processing, and medical articles.

Over the past decades, global manufacturers have started to substitute long-chain PFAS with shorter-chain PFAS or with non-fluorinated substances. This trend has been driven by the fact that the undesired effects of long-chain PFAS on human health and the environment were assessed and recognized first by scientists and authorities around the globe. Short-chain PFAS can also have similar or other properties of concern.[17]

11.1 EU UNIVERSAL PFAS RESTRICTION

TO BE MANAGED UNDER REACH UNTIL PFAS REGULATION IS COMPLETE

Progress update on the Universal PFAS restriction proposal – The European Chemicals Agency (ECHA) has confirmed that its scientific committees will resume discussions on the universal PFAS restriction under REACH Annex XVII in September. The Committee for Risk Assessment (RAC) will meet from 8–12 September 2025, and the Committee for Socio-Economic Analysis (SEAC) from 15–19 September. At these meetings, experts will assess the restriction's implications for specific sectors. RAC will focus on electronics, semiconductors, PFAS manufacturing, and horizontal concerns. SEAC will address lubricants, energy, and socio-economic impacts in these same sectors. These discussions will inform the draft opinions to be finalized in the coming months.

New EU chemicals action plan and PFAS monitoring framework – On 8 July, the European Commission released a chemicals action plan that includes the creation of a major EU-wide PFAS monitoring system. The framework will consolidate data, identify pollution hotspots, and highlight best practices for remediation. It also aims to improve coordination across member states and encourage technological solutions. The plan aligns Safe and Sustainable by Design (SSbD) goals and supports innovation in chemical substitution. A public-private initiative will be launched to address legacy PFAS contamination. Stakeholder dialogue will ensure a shared understanding of PFAS-related challenges and foster cooperation across the EU. We will continue to follow the regulations progress.[18]

11.2 TAIWAN STRENGTHENS PFAS MANAGEMENT

Besides the already -regulated PFAS, many others remain in use in Taiwan. To prevent future risks, EPA reviewed which types of PFAS are used and how they are handled in Taiwan. The draft regulation aims to better control these chemicals using a tiered management system based on their risk level.

Proposed Regulatory Measures

The 269 PFAS substances will be grouped into 3 types:

[17] https://echa.europa.eu/hot-topics/perfluoroalkyl-chemicals-pfas

[18] https://natlawreview.com/article/latest-updates-and-polyfluorinated-substances-pfas-august-2025

- Perfluoroalkyl acids (PFAAs), their precursors, and other PFAS
- Polymers
- Gases

For PFAAs and related compounds:

- If the PFAA content is 0.1% or more, companies must :
    - Apply for approval.
    - Keep monthly records and report quarterly.
    - Label the container and provide a safety data sheet (SDS).

For PFAS polymers or gases:

- If the content is between 0.1% and 30% :
    - Only labeling is required (no approval or reporting)
    - If the content is 30% or more :
    - Approval, reporting, and labeling are all required (same as for PFAAs above)

Exceptions:

The regulation does not apply to PFAS used for testing, education, research, or analysis.

EPA will continue discussions with industry to support smooth implementation. Companies will have a 2-year transition period after the regulation is officially announced. Public comments are welcome within 30 days from the draft's publication in the government gazette.[19]

Diethanolamine is commonly used in cosmetics, shampoos, and cleaning products as an emulsifier and foaming agent. It is also utilized in industrial applications, such as oil refineries, to remove hydrogen sulfide from natural gas.

12 CALIFORNIA PROPOSITION 65

12.1 SAFE HARBOR LEVEL FOR DIETHNOLAMINE

The proposal is intended to give businesses clearer guidance when determining whether a cancer warning is required, and it will remain open for public comment through October 6.

Under Proposition 65, a business must provide a cancer warning for a listed carcinogen unless it can demonstrate that the exposure level presents no more than a 1-in-100,000 lifetime excess cancer risk. OEHHA's NSRLs function as

[19] https://rrma-global.org/news-details/taiwan-epa-plans-to-regulate-269-pfas-chemicals-as-concerned-substances-/MjIzMQ==

voluntary “safe harbors.” Companies may use these state-established thresholds to perform their own quantitative exposure assessments.

Although DEA itself is not used as an ingredient in consumer products such as cosmetics and other personal care items, it may be present as a contaminant in products containing triethanolamine, a commonly used emulsifier, surfactant, and pH adjuster. Products designed for application to the human skin, and that list triethanolamine as an ingredient, have thus become a target for Proposition 65 bounty hunters who may file a notice of violation (NOV) when any level of DEA is detected in a lab analysis. Common targets of such NOVs include manufacturers and suppliers of many types of cosmetic and personal care products, including foundation, moisturizers, shampoo, styling gels, conditioners, and even mascara.

OEHHA proposes an NSRL of 6.4 micrograms per day for DEA, which applies only to dermal exposure. This value is derived from OEHHA’s quantitative analysis of rodent carcinogenicity data, consistent with the agency’s Proposition 65 assessment methodology. In the past, and in the absence of an official NSRL for DEA, challenging such NOVs has been problematic for manufacturers and suppliers. The new dermal NSRL is therefore expected to streamline compliance for many businesses, particularly those lacking in-house toxicology expertise, and may help reduce or eliminate NOVs that are based on trivial concentrations of DEA. OEHHA expects that businesses will not incur new costs, as products above these thresholds already require warnings. [20]

Below is a link to the list:
https://oehha.ca.gov/proposition-65/proposition-65-list

13 TOXIC CONTROL SUBSTANCES ACT (TSCA)

The Toxic Substances Control Act became law on October 11, 1976, and had a recent update in 2016. The 2016 update is called the Frank R. Lautenberg Chemical Safety for the 21st Century Act (LCSA). This is commonly known as TSCA Reform. The act gives the Environmental Protection Agency (EPA) the authority to gather information on all new and existing chemicals that may pose unreasonable risk to public health or the environment. The EPA is tasked with creating an inventory, performing pre-manufacture reviews before commercial production, requiring testing of chemicals posing risk or in substantial quantities, record keeping and management requirements. There are 6 regulatory programs associated, and they fall under 40 CFR 710-799.

[20] https://www.afslaw.com/perspectives/consumer-products-watch/california-finally-proposes-prop-65-cancer-safe-harbor-level

13.1 EPA RECONSIDERS TETRACHLORIDE

EPA announced on September 12, 2025, its decision to reconsider the 2024 final risk management rule for carbon tetrachloride. According to EPA, after it published the final rule, several legal challenges were filed. These petitions for review were consolidated in the U.S. Court of Appeals for the Eighth Circuit.

EPA has requested that the court hold these cases in abeyance while the Agency reconsiders the final rule. EPA sates that during abeyance, it intends to reconsider the final rule through notice-and-comment rulemaking, including but not limited to the use of the Existing Chemical Exposure Limit (ECEL) of 0.03 parts per million (ppm) promulgated as part of the Workplace Chemical Protection Program for carbon tetrachloride, to ensure that the rule is implementable to protect workers consistent with statutory requirements.

EPA plans to open a comment period on the final rule as a first step in its efforts to reconsider and, if appropriate, revise the final risk management rule. [21]

Carbon tetrachloride, also known as tetrachloromethane, was historically used in fire extinguishers, as a cleaning agent, in refrigeration fluids, and as a pesticide. However, due to its harmful effects, many of these uses have been banned or phased out.

13.2 EPA PROPOSES TO CHANGE TSCA RISK FRAMEWORK

On September 23, 2025, the U.S. Environmental Protection Agency (EPA) proposed highly anticipated amendments to the procedural framework rule for conducting existing chemical risk evaluations under the Toxic Substances Control Act (TSCA). 90 Fed. Reg. 45690.

When conducting an existing chemical risk evaluation under TSCA, EPA must determine whether a chemical substance presents an unreasonable risk of injury to health or the environment, without considering costs or nonrisk factors, including unreasonable risk to a potentially exposed or susceptible subpopulation identified as relevant to the risk evaluation, under the conditions of use (COU). EPA states that it "proposes to rescind or revise certain 2024 amendments to the procedural framework rule to effectuate the best reading of the statute and ensure that the procedural framework rule does not impede the timely completion of risk evaluations or impair the effective and efficient protection of health and the environment."

Comments on the proposed rule are due November 7, 2025. EPA states that under the Paperwork Reduction Act, "comments on the information collection provisions are best assured of consideration if the Office of Management and Budget (OMB) receives a copy of your comments on or before October 23, 2025."[22]

[21] https://natlawreview.com/article/recent-federal-developments-september-2025

[22] https://www.lawbc.com/epa-proposes-to-amend-tsca-risk-evaluation-framework/

14 EU BATTERY DIRECTIVE UPDATES AND ENFORCEMENT 2025

Regulation (EU) 2023/1542 is the legislative framework for all batteries placed on the EU market, whether incorporated to a product or not. The Regulation gradually phases out the 2006 Directive, with the first provisions applying from 18 February 2024. During 2025, new obligations become mandatory.

The new Regulation repeals Directive 2006/66/EC as of 18 August 2025. However, certain obligations under the Directive will remain in force beyond this date to ensure continuity. Looking at this year, the transmission of data on collection rate of portable batteries to the Commission should remain in force until 30 June 2025, whereas the obligations related to monitoring and reporting the recycling efficiencies of recycling processes will remain valid until 31 December 2025.

Carbon footprint requirements

According to Article 7, batteries must comply with requirements related to carbon footprints. The Regulation defines carbon footprint as "the sum of greenhouse gas emissions and greenhouse gas removals in a product system, expressed as carbon dioxide equivalents and based on a Product Environmental Footprint (PEF) study using the single impact category of climate change".

A carbon footprint declaration is required for each battery model for every manufacturing plant of the following batteries:

- Electric vehicle batteries: 18 February 2025 (or 12 months after the date of entry into force either of the delegated act or of the implementing act)
- Rechargeable industrial batteries with a capacity exceeding 2 kWh: 18 February 2026 (or 18 months after the date of entry into force either of the delegated act or of the implementing act)
- LMT batteries: 18 August 2028 (or 18 months after the date of entry into force either of the delegated act or of the implementing act)
- Rechargeable industrial batteries with external storage: 18 August 2030 (or 18 months after the date of entry into force either of the delegated act or of the implementing act)

These batteries must bear labels indicating the battery's carbon footprint and declaring the carbon footprint performance class. However, the carbon footprint performance class requirement will start applying from 2026, depending on the battery's category.

We can expect the European Commission to adapt delegated and implementing acts to set out the format and calculation method for rechargeable industrial batteries by 18 February 2025.

Supply chain due diligence

The EU Battery Regulation imposes battery due diligence obligations on economic operators. These obligations apply from 18 August 2025 and do not apply to "economic operators that had a net turnover of less than EUR 40 million in the financial year preceding the last financial year, and that are not part of a group, consisting of parent and subsidiary undertakings, which, on a consolidated basis, exceeds the limit of EUR 40 million" (Article 47).

Battery due diligence refers to the responsibilities to manage risks, third-party assessments, and share information to identify, prevent, and address social and environmental risks tied to obtaining and handling raw materials for battery production. It also requires setting up battery due diligence policies and some economic operators should have them verified by a notified body.

We expect the European Commission to publish guidelines by 18 February 2025 to further explain some of the above obligations.

Specifically, due diligence is required for:

1. Suppliers of cobalt, natural graphite, lithium, nickel
2. Respect for human rights, environmental considerations, health and safety.

Enforcement of waste battery management

Battery waste management obligations are applicable from 18 August 2025. Among others, from this date:

- Producers need to register in each Member State in which they place batteries on the market for the first time. The registration is granted upon submission of an application in a "Register of producers", established by the Member States.
- Producers are subject to the extended producer responsibility (EPR) and related obligations set out in Article 57. Producers can appoint a producer responsibility organisation to fulfill these obligations.
- Producers must provide end-users and distributors with information on the prevention and management of battery waste.
- Distributors are subject to the "take-back" obligation.

When preparing for re-using or re-purposing, operators must verify the state of health of the batteries. This provision applies to waste LMT batteries, waste industrial batteries, and waste electric vehicle batteries.

All batteries shall be marked with the symbol for separate collection:

By August 2025, the European Commission should adopt implementing acts concerning the format for the data and information to be reported to the Commission as well as assessment methods and operational conditions related to collection and treatment of waste batteries.

14.1 EU BATTERY DIRECTIVE DEADLINES DELAYED

No new updates since July – Pay attention to timelines

The European Union announced proposal to extend the battery due diligence deadline within the new EU Battery Regulation for two years.

The implementation timeline for the EU Battery Regulation (EUBR) is ambitious, with new obligations and requirements almost yearly. On **21 May 2025**, the EU announced a proposed change to the implementation date of one of the key obligations in the Regulation, the battery due diligence obligation. The implementation dates for the rest of the EU

Battery Regulation's requirements and obligations, such as the CE conformity assessment, battery waste management and the battery passport, all remain unchanged.

This latest announcement proposes that the battery due diligence obligations in the EU Battery Regulation will be postponed for two years, until **18 August 2027**.

The Commission's guidelines on the application of the due battery diligence requirements are now expected to be published before 26 July 2026. It is anticipated that this guidance will be harmonized with how to conduct due diligence according to the EU's Corporate Sustainability Due Diligence Directive (CSDDD).

Three reasons have been provided for the proposed postponement:

1. Battery manufacturers need more time to analyze and, where necessary, adjust their supply chains in relation to the sourcing of raw materials.
2. The designation of notified bodies for battery due diligence policies is taking longer than expected.
3. More time is needed to further develop and implement due diligence schemes that address batteries' raw materials. The due diligence schemes need to also be recognized under the regulations, with more time required for any schemes to go through the necessary recognition process before the obligations can start to apply.

In the EU Battery Regulation, small and medium-sized enterprises (SMEs) are exempt from the battery due diligence obligations. The EU has now announced a change in the proposed threshold which will mean more companies than previously expected will be excluded from the battery due diligence obligations.

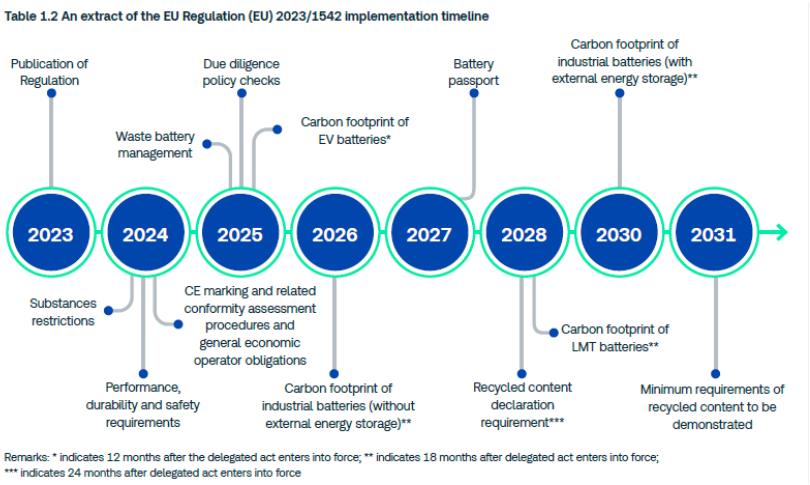
The proposal is that small mid-cap enterprises (SMC) should also be exempt from the obligation. This means that companies with a net turnover of less than **EUR 150 million will be exempt**, instead of the previous threshold of EUR 40 million.

To reduce the administrative burden, the EU has also announced a proposal that the publicly available report on the company's battery diligence policy should be reviewed at least **every three years**, instead of yearly.

While the EU's proposed postponement of the battery due diligence requirements to 18 August 2027 gives businesses more time to get ready, there is still a significant amount of preparation and implementation required prior to the deadline. The companies that plan and keep preparing now will be in the strongest compliance position.

See next page for timeline.

The timeline is as follows:



Taking the time to fully map and validate your supply chain, implementing any changes and embedding new processes into your organization takes time. Doing this while minimizing disruption to your operations is critical to ensure commercial performance and competitive advantage.[23]

15 SUMMARY

With all that is going on in the world, we still see regulations being updated and added across the globe. The government regulatory bodies continue to monitor and adapt to the current situation, even if they lag. The only pullback we are seeing is in the ESG space. Due to the political charge associated with ESG, as well as the resources required, we are seeing far less emphasis on ESG projects. Most projects today are focused on sourcing, reviewing supply chains, and building compliant products. Many projects now have a laser focus on materials and particularly critical minerals sourced from outside the western world.

The regulations we are familiar with for decades will likely remain intact and continue to press forward. Regulations like RoHS, REACH, TSCA, POP, CLP, and California Prop65. A spotlight will continue to shine brightly on PFAS concerns, ESG efforts, anti-trafficking, mineral mining, and labor. Border security and management in addition to stricter sourcing requirements will continue to be in full force. Hang on tight! This is going to be a bumpy ride! Let's keep moving forward to meet the compliance challenges of today and tomorrow. Thank you for letting us be part of your team.

[23] https://www.intertek.com/blog/2025/05-22-eu-battery-regulation/