ADVANCED RECHARGEABLE & LITHIUM BATTERIES ASSOCIATION

RECHARGE feedback on the draft Delegated Act establishing the methodology for the calculation and verification of Recycled Content in batteries

September 2026

Following the publication of the draft Delegated Act and its Annex on the the methodology for the calculation and verification of cobalt, nickel, lithium and lead recycled content in certain batteries, and the format for the documentation of such recycled content, RECHARGE provides with this paper industry feedback and recommendations on certain key elements of the proposed rules.

The proposal contains a number of important and pragmatic choices, including the recognition of plant-level mass balance, reconciliation mechanisms and the possibility of contractual allocation arrangements through extended toll treatment and multi-party contracts. **RECHARGE welcomes the introduction of a chain of custody model entailing plant-level mass balance, volume reconciliation, and a contractual allocation system.** This is a **pre-condition** for the rules to provide a feasible framework for implementing the requirements across complex battery value chains.
RECHARGE furthermore establishes that a number of our industry concerns have been addressed, such as the issue with the role of the PROs as well as the complexity of the batteries value chain.

RECHARGE welcomes the recognition of recycled battery materials being of strategic importance for the Union and the risk of insufficient availability of recycled battery materials within the Union. We strongly agree with the Commission that "*Insufficient availability of such materials in the Union could prevent the timely manufacture, replacement or deployment of batteries required for the functioning of essential services and adversely affect human health and safety, in particular where reliable electricity supply, heating, cooling, emergency response or access to healthcare is impaired*" (Recital 5).

Therefore, RECHARGE recognizes the well-intended 'Correction factor of 1.3', however, we believe th**is correction factor – as proposed, bears a number of risks for European batteries recyclers as well as manufacturers**. We establish this further below in the paper.
We support the objectives of the Correction factor to address the issue of availability and stimulate recycling activities in Europe, however, several elements of the draft risk reducing the actual availability of recycled materials for battery manufacturing and should therefore be reconsidered.

While ReCo calculation rules cannot prevent external leakage, they must be designed to avoid contributing to additional intrinsic leakage. The proposed options risk facilitating leakage, which must be avoided to support the growth of the EU battery manufacturing industry. This is another important point from our feedback outline below in more detail.

Some provisions risk limiting the availability of recycled materials needed to meet future recycled-content targets. **We therefore encourage the Commission to address these issues before the methodology is finalized**.

RECHARGE key recommendations: 1-3

1. **The issue with the proportional allocation rule (2.2.2.c): leakage of recycled content to sectors, products and markets that are not subject to battery recycled-content requirements.**

The Usage of the right chain of custody model is crucial to prevent recycled material 'leakage'. The presented chain of custody model incentivises closed-loop battery recycling by allowing free allocation of recycled content which is produced under a toll treatment arrangement or a multi-party contract, and requires the remaining recycled content to be allocated proportionally across all other outputs.

Recycled materials not reclaimed by their owners must be proportionally allocated to all downstream customers, including those outside the scope of ReCo targets. Since EU refineries also supply cobalt and nickel to sectors not subject to ReCo requirements, substantial volumes of recycled materials may be unavailable for that part of the battery industry which falls under a minimum ReCo requirement. This could lead to a significant portion of recycled materials being allocated to downstream customers not subject to ReCo targets. If as such implemented, it would organize leakage of the recycled material and would penalize European battery manufacturers who export batteries outside of the EU or European CAM manufacturers who export CAM. To prevent unnecessary leakage of EU recycled materials to foreign markets, exporters should not be required to assign ReCo to destinations where local regulations do not mandate this.

RECHARGE recommends rules that allow the ReCo derived from EU-generated waste and recycled within the EU to be fully available to the EU market, regardless of a contractual agreement in place.

While European battery manufacturers will face the challenge to meet the ReCo targets, and should there be no free allocation of credits with volume reconciliation possible, the access to recycled material is capped – which means their supplier can only allocate to the manufacturer the rolling average output of recycled material. This could place an unwelcome production ceiling on EU manufacturers.

The methodology should focus on preventing double counting and ensuring robust volume reconciliation, rather than prescribing allocation across all output fractions irrespective of their final application.

RECHARGE recommends an Option with free/flexible credit allocation:

> We would like to recommend a methodology based on **group level (EU plants only) or plant-level mass balance with volume reconciliation and free (**'free' understood as **'flexible') credit allocation for material that is not claimed under a contractual agreement**, but only including recycled battery material where the manufacturer's Annex VIII technical **documentation has been conformity assessed by a Notified Body listed on the NANDO website**.

The responsibility of the economic operator should be to ensure compliance with robust volume-reconciliation requirements and to prevent double counting, rather than to apply a predetermined allocation methodology to all output fractions irrespective of their intended use.

RECHARGE recommends placing additional requirements on the conformity assessment of recycled content by establishing an EN standard to specify the value chain information requirements. We recommend the EU Commission should issue a mandate to CEN/CENELEC to develop an EN standard that would guide NANDO Notified Bodies on the level of value chain information that should be inspected to ensure robust conformity assessment of the manufacturer's Annex VIII technical documentation. The Notified Bodies should establish audit processes and protocols to ensure non-EU battery manufacturers' value chain information and technical documentation can be assessed to the same level as EU battery manufacturers. The information requirements to be passed on within the n-tier supply chain should be harmonised and as a result also significantly reduce the verification burdens and creating synergies, and ensure the safeguarding of the confidentiality and business secrets of the operators concerned. This option complies to the conformity assessment procedures prescribed in Regulation (EU) 2023/1542 (EU Battery Regulation). This would achieve uniform compliance with the regulatory requirements in a way that ensures consumers' trust and avoids circumventions.

The allocation (credit method) flexibility will allow:

- the allocation of zero recycled content (i.e. the exclusion of) to industrial sectors that are not under a legal recycled content obligation,
- the allocation of zero recycled content to batteries categories that are not under a recycled content obligation (not part of the Art. 8 scope),
- and the allocation of zero recycled content to batteries that are sold for end use outside of the EU.

Failing to exclude these three segments would effectively extend to them a recycled content obligation that is not grounded in law, not intended by the regulators, not reviewed in the original impact assessment, and quite certainly unreachable.

2. **A Group level mass balance with volume reconciliation and free credit allocation within the same economic area under strict requirements brings benefits. Traceability, transparency and reliable auditing of the accounting in the EU can be ensured.**

A group-level mass balance approach with free allocation can avoid unnecessary transport of the same material/product between two sites in the EU only to achieve the requirement for the site-level mass balance. The objective is to avoid the unnecessary truck transports, and allow an actual swap of material to happen virtually through credit pooling under defined strict conditions. The group level swap needs to be restricted to a method that can be reliably traced and audited, to avoid greenwashing criticism.

For the robustness of the accounting reasons, **the company level mass balance approach needs to be allowed only within the same economic area/EU/Europe** (EU27 & 4 EFTA countries & UK). This ensures also same EU environmental standards for swapping between two EU sites. It is crucial to ensure fair accounting: robust accounting methods (standards, and audits) need to be used.

RECHARGE recommends that certain strict conditions need to be met: Group level credit pooling and flexible allocation needs to be restricted to (1) products with equivalent technical specifications; (2) the same quantity based on metal weight; (3) managed by the same Group; (4) within the same economic bloc and (5) sites/plants located in Europe are owned by the same Group.

3. **Correction factor for EU recycling (Section 2.2.5) is overall positive in its intent, but it risks undermining European value chain development.**

First, it is unlikely to be sufficient to offset the structural cost disadvantage EU recyclers and refiners face relative to third-country operations. We call on the Commission to publish the impact assessment or cost modelling underlying the choice of 1.3, so stakeholders can assess whether the uplift is calibrated to actually close the cost gap it is meant to address.
It is doubtful whether such a temporary measure will be sufficient to justify multi-billion investments in Europe's supply chain bottleneck: the midstream refining capacity, where 'recycled content' is transformed in battery grade chemicals that can be directly used in specific battery materials (pCAM and CAM).

Second, there is no clarity when the 1.3 correction factor can be applied. Recycling runs through several stages, from waste to black mass, to sulphate, and on to precursor material (pCAM), and it is unclear up to which stage the operation must take place within the Union for the material to be recognised as of Union origin. A criterion is needed as to where "the final step of recycling" is located, so that operators can plan their investment and sourcing with confidence.

The draft rightly seeks to ensure that the correction factor of 1.3 rewards recycling activities carried out within the Union. It therefore states that: "*The sole production of black mass from waste batteries in the Union shall not qualify for the application of the correction factor, if its further processing is not also carried out in the Union.*"
Under the Waste Framework Directive, recycling may produce materials that are technically recycled but are not yet suitable for the manufacture of battery-specific compounds such as pCAM or CAM. Additional refining, purification, separation and upgrading steps are often required before the recovered materials can re-enter the specific battery value chain. Thus, as formulated today in the proposed Act, there is a risk that partially processed recycled materials are exported for upgrading outside the Union.

Under the current wording, materials may qualify for the correction factor even when significant downstream processing takes place outside the Union. This creates a risk that materials benefiting from the correction factor are ultimately not available to the European battery manufacturing sector. Without further clarification, there is a risk that Europe performs only the initial recycling operations while the valuable separation and purification stages are carried out elsewhere. As a result, the correction factor could indirectly support downstream non-EU refining and battery production rather than strengthening the European battery value chain.

A correction factor can be also modelled differently with a e.g. staged/cumulative correction factor reflecting the processing steps actually carried out in the EU. For example, the 1.3 uplift could be split between pre-processing (black-mass production) and post-processing (refining to battery-grade material), such as +0.15 for each stage, with the full factor recognised only where the material reaches battery-grade material within the EU. This would recognise recycling activity already taking place in the Union while progressively incentivizing downstream investment.

Before establishing the Correction factor and how and where it would be applied, the calculation and considerations would need to be published for a better industry assessment, and a more concrete recommendation.

To avoid an outcome that runs counter to the objective set out in Recital 5, Article 2.2.5 should at least clarify that eligibility for the correction factor requires not only recycling operations to be carried out within the Union, but also all subsequent processing steps necessary to render the recovered materials suitable for the production of battery-specific compounds.

However, since there are other uncertainties created with the correction factor as proposed, we would strongly recommend that the Commission assess which value chains are expected to capture the economic benefit of the correction factor in practice, as well as to run a thorough impact assessment and publish the data and outcome. Such an evaluation would help verify that the correction factor effectively delivers its stated objective of strengthening the

availability of recycled battery materials within the Union and stimulating recycling activity in Europe, and that it avoids artificial price increase.

Furthermore, there is considerable uncertainty when the correction factor would be applied, and this could potentially also lead to misuse. The calculation and verification methodology should give clear answers and be built to prevent double counting.

Other considerations related to the Correction factor proposal:

Considerations should be made where the first recycling steps take place: the early phases in the whole recycling process tend to take place in the countries where waste is collected. Therefore, RECHARGE further advocates for a geographical scope extending any correction factor to also EFTA countries and the UK as value chains are highly interlinked and in those neighboring countries the same level of environmental and verification standards can be ensured as in the EU27.

Other questions are raised considering the correction factor end-date: more data on the calculation of the duration would be helpful and the mechanism with the end-date or phase out need to help absorb the high investment costs associated with building recycling capacity. In 2.2.5 the correction factor is set to expire on 31 December 2036 as a fixed calendar date without attached review mechanism tied to objective EU recycling/refining capacity milestones.

Other RECHARGE recommendations: 4-9

4. **Require reporting only in case of substantial changes to the composition (e.g. 30%) instead of annual reporting.**

The requirements under Art. 8 entail that battery manufacturers have to implement ReCo reporting from August 2028 or 24 months after the date of entry into force of the Delegated Act. The current proposed requirements under the draft DA, leads to yearly monitoring and reporting of the % of ReCo per battery model per manufacturing plant, amounting to significant reporting burdens without clear benefits.

RECHARGE suggests a simplification: requiring reporting only at the time of first market placement, in case of substantial changes to the composition (e.g. 30%) and when fulfilling quotas for the first time, instead of annual reporting. We propose that the change in the recycled content share should only be reported again if the change is above 30% (a similar mechanism is introduced in the Article 7 Draft Delegated Regulation) or when the mandatory recycled content quotas in 2031 must be proven.

Another simplification proposal is to remove reporting requirement per battery model where cells have the same technical specification and supplier by allowing the creation of "battery families":
If different battery models have the same technical specification and cell supplier, additional documentation only adds administrative burdens without benefits. Hence, if it can be shown that the cell composition of different battery models is similar, no additional documentation should be required. Therefore, calculation and reporting of recycled content for "battery families" (instead of single battery models) could be introduced. "Battery families" are defined by having the same cell supplier with the same technical specifications.
The same applies to the case where the same battery model is assembled in multiple plants. As contracting specifies the composition of battery models, there are likely no divergences between different battery assembly plants and hence filing multiple technical reports is not meaningful.

5. **In Section 2.2.2(e), the strict prohibition on the transfer of credits is not implementable.**

The proposed rules on accounting periods and reconciliation contain several provisions that result in recycled-content claims expiring after a predefined period. There is no physical or environmental justification for such an expiration. The material does not cease to be recycled because it remains in stock, is undergoing qualification or has not yet reached its final application.

Mechanically cutting off the accounting period and prohibiting any carryover means that credits arising from material fed in towards the end of the period are structurally lost, and the loss is greater for operators with long-cycle, high-volume processing.

This issue is particularly important because the European battery value chain is still developing. Demand growth remains uncertain, material qualification processes are lengthy and inventory levels can fluctuate significantly throughout the value chain. The methodology should therefore ensure that valid recycled-content claims remain available until they are allocated to final products. Otherwise, legitimate recycled content risks being lost for purely administrative reasons, making compliance with future recycled-content targets more difficult.

6. **Clarification is needed to which stages the accounting period defined in Section 2.2.3 applies.**

This section establishes that the accounting period shall not exceed 12 months. Battery materials may pass through several successive processing stages, including recycling, refining, precursor production, cathode active material production and battery manufacturing. The total residence time across the full value chain can significantly exceed 12 months, depending on inventory levels, transport times and production planning.

At the same time, several provisions of the draft suggest that accounting periods and volume reconciliation are established at manufacturing-plant level and are therefore intended to be managed independently by each supply chain actor.

7. **Section 2.2.2(f) is unclear and leaves for different interpretations.**

The recycled-content attribution should remain attached to the material during storage and transport to a next supply chain actor and should not be subject to expiry, provided that traceability and chain-of-custody requirements continue to be fulfilled. Such an attribution should be allowed to pass from one supply chain actor to another together with the material.

Article 2.2.2(f) states: "Recycled content credits shall not be transferred between different facilities of a company or between different companies."

The entire concept of recycled-content traceability relies on the transfer of recycled-content credits between supply-chain actors together with the associated material flows.

8. **On 2.3.1 Data collection responsibilities: the battery manufacturer cannot be the responsible party to "ensure" all actions are taken/done by all the supply chain actors**

The draft requires the battery manufacturer to establish a traceability system across all stages of the supply chain and to "ensure" that every actor in the chain fulfils its obligations. The manufacturer, however, is not in a position to exercise direct control over the operations of legally independent upstream actors, and requiring it to guarantee their actual compliance is impracticable and disproportionate from the standpoint of the allocation of responsibility.

9. **Introduce safeguard measures.**

Under our proposed rules, a safeguard measure needs to be added to allow for newcomers to fulfil the Recycled Content target obligation. It is essential that e.g. cell manufacturers with insufficient waste generation[1] and/or no access to historical waste, will still have access to fulfil the regulatory requirements on recycled content without undue pricing or commercial pressure.

Beyond the newcomer safeguard, a market-wide safeguard is needed to address potential shortages of recycled metals and excessive price premiums. We propose adding a formal Review/safeguard mechanism to continuously monitor supply-demand balance and potentially excessive price premiums.

[1] Cells/modules manufacturers viability depends on minimizing production waste.

Correction of possible mistakes

- The DA introduces new timelines in the Recital 1 which do not align with the EU Batteries Regulation Article 8:
  - changes the date of the implementation of 2nd thresholds from 2036 to 2033.
  - Regarding LMT batteries, it seems to be a mistake since declaration by 2033 and the thresholds by 2026 appear logically inconsistent. It should be 2036.
- Formula (1a') & (1b') has two errors/typos:
  - The first error in the formula (1a') and (1b') is that the "multiplication *" has to be replaced by an "addition +"
  - The second error is that the coefficient 1.3 has to be with the European inputs m(X)recEU,input and not with the Third Countries inputs m(X)recTC,input, according to what is explained in the text
- Two paragraphs appear twice: "All operators across the value chain shall measure and record..." and "Data associated to a manufacturing plant other than the battery manufacturing plant...", at section 3.1 repeated at section 4.
- Section 2.4.1(b) places lead "in active materials" whereas s 1(2), s 2.1 and s 2.4.1(a) all measure lead against the whole battery.

Comments on the definitions

- "recycling plant" is used but not defined. "Plant" and "manufacturing plant" are defined in Section 1, but the Annex separately uses undefined variants: "recycling plant" (Section 2.2.2), "production plant" (Section 2.4.1), "facility" (Sections 2.2.2(f) and 2.2.5), "installation" (Section 2.2.5), and "premises" (Section 3.2)
- "recycling" should be defined clearly to avoid any misinterpretation (Example: Battery waste to Black Mass should not be considered recycling).
- "Eligible contractual agreement" in not defined at the beginning of the document
- "Recycled content credit" is not defined
- "Rolling accounting period" is not defined
- "Toll-treatment mechanism" is defined twice, but inconsistently (Definition 14 and vs. Section 2.2.2(a))

What we ask the Commission to clarify:

- 2.2.5: The correction factor mechanism allows a battery manufacturer to achieve regulatory compliance with a lower physical quantity of recycled material, solely as a function of where that material was recycled. In the context, how will the carbon footprint be calculated (with or without the correction factor)? Should the battery carbon footprint be calculated on the basis of the actual physical recycled content, or on the basis of the multiplied value?

- The Delegated Act should clarify which documentation period shall be used to demonstrate compliance at the dates of application of Article 8(1), 8(2) and 8(3), particularly where a manufacturer's documentation year does not coincide with the regulatory application date.

For example, where a manufacturer applies a documentation year running from April to March, clarification is requested as to whether compliance on 18 August 2028 should be demonstrated using:

  - the most recently completed documentation period;
  - the documentation period underway on the date of application; or
  - another reference period.

- In point 1(3) of the draft Annex, a plant is defined as "a location with geographical boundaries, including one or several sites at which defined activities under the control of an organisation are carried out". In this context, the concept of "geographical boundaries" could benefit from further clarification. In particular, it is unclear whether a plant can encompass different sites operated as part of the same industrial activity, for example within the same country or economic area.

Final considerations

RECHARGE recommends advancing the Review of the Recycled Content targets from end 2028 (Article 8 parag. 5 of the EU Batteries Regulation) to end 2026. This can be addressed in one of the simplification proposals (Omnibuses). As a minimum, we call for a thorough evaluation during the transition period between the ReCo declaration obligation (2028) and the minimum requirements (2031) and **revising the targets should be considered**.

Finally, promoting local content requirements is advisable: All battery materials recycled in Europe, should comply or account for fulfilling Local Content Requirements in upcoming EU legislation, such as the Industrial Accelerator Act.

RECHARGE is the European industry association for advanced rechargeable and lithium batteries. Founded in 1998, it is our mission to promote advanced rechargeable batteries as a key technology that will contribute to a more empowered, sustainable and circular economy by enabling decarbonised electricity and mobility, and cutting-edge consumer products. RECHARGE's unique membership covers all aspects of the advanced rechargeable battery value chain: from suppliers of primary and secondary raw materials, to battery and original equipment manufacturers (OEMs), to logistic partners and battery recyclers. www.rechargebatteries.org

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