

[Human rights groups](#) have raised concerns that controversial mining companies, including one with a subsidiary under investigation by the UK's Serious Fraud Office, are taking a key role in a new "**battery passport**" scheme that counts the electric carmaker Tesla among its key supporters.

The mining companies **Eurasian Resources Group** (ERG) and **Glencore** are among the founders of ReSource, a proposed joint venture that is working with several other big companies on making the global car battery supply chain more transparent - giving drivers confidence that the precious metals their car batteries have been mined ethically. But critics have claimed the scheme would let the mining companies "mark their own homework" and that programmes to improve battery transparency should be run by an independent body.

The global demand for [battery minerals](#) is expected to soar in the coming decades as the world moves rapidly away from petrol and diesel cars to electric power. However, politicians, carmakers and electronics companies have become increasingly concerned about minimising environmental harm and preventing human rights abuses.

All batteries sold in Europe from **2027** must have their own battery passport tracking the sources of the minerals they contain, as well as details on their environmental impact. The rules, set by the EU, were made in response to increasing awareness of abuses and poor conditions, particularly in cobalt supply chains in the Democratic Republic of the Congo. Similar details on supply chains are required in the US for cars to qualify for tax breaks.

ReSource was launched in January at the World Economic Forum, the annual gathering of business and political leaders at the Swiss ski resort Davos.

Supporters listed on ReSource's website include Tesla, the electric vehicle company led by **Elon Musk**, and Umicore, a large Belgian materials company, as well as the mining companies.

The ERG chief executive, Benedikt Sobotka, has said he hopes the battery passports will "give consumers a choice", allowing them to scan a code on their car and make informed buying decisions with transparent and trustworthy data on their supply chains. However, human rights groups claim that mining companies should not be responsible for verifying their own products.

Yimin Yi, who leads on natural resource governance at Global Witness, an international non-governmental organisation, said there were "reasons to doubt if it is a serious attempt at regulating the industry or rather an attempt by the companies involved to avert government regulation".

"Time and time again when industries have been relied upon to regulate themselves,

unsurprisingly it has often been ineffective, at worst a get-out-of-jail-free card for bad practice. "It really shouldn't be a surprise that when companies mark their own homework, they tend to get straight As; we need proper and well-resourced government regulation to hold corporates to account."

ERG has also been described as an unlikely company to lead a transparency initiative because its subsidiary, Eurasian Natural Resources Corporation, has been accused of engaging in strategic lawsuits against public participation, or Slapps - lawsuits designed to dissuade scrutiny.

ERG was founded in 2013 to buy out the assets of ENRC, which was formerly a member of FTSE 100 index during a heavily controversial six years on the London Stock Exchange. ENRC has been under investigation by the UK's Serious Fraud Office (SFO) since April 2013 on "allegations of fraud, bribery and corruption around the acquisition of substantial mineral assets".

ENRC has strongly denied the allegations, and no charges have been brought in the case, one of the longest-running in the SFO's history.

Anneke Van Woudenberg, the executive director of Rights and Accountability in Development, a UK-based charity, said: "It's hard to see how ERG can provide suitable leadership for the responsible sourcing of battery materials when its subsidiary is facing a UK corruption probe and has engaged in numerous Slapp-style lawsuits against those scrutinising its activities."

ENRC's law firm said the company "does not accept the characterisation of its legal actions as 'Slapps'" and said the courts had found in its favour in some of its claims.

It is unclear what form ReSource will ultimately take. ReSource's website describes it as a "joint venture between multiple parties (including IXM, ERG and Glencore)", but no controlling company has yet been incorporated.

IXM is a mining company ultimately owned by the Shanghai-headquartered China Molybdenum Company (CMOC). Glencore is a member of the UK's FTSE 100. In November, Glencore paid £281m after pleading guilty to SFO charges of serious corruption in Africa involving oil trading, not its battery minerals operations.

ERG appears to be the main driving force behind the creation of ReSource. In a social media post, a departing executive thanked 23 people for their help on the ReSource project.

Eleven were current or former ERG employees, according to their social media profiles. The others were employed by a technology startup that has built the blockchain-based tracking system, and the other named supporter companies, including Tesla.

ERG's apparent leading role in ReSource could give the Kazakh government influence - it

has a 40% state shareholding in the miner. Glencore and ERG both said that no individual party will have the ability to influence the direction or outcome of ReSource.

ERG said that “those companies which are directly involved in the extraction of materials and have first-hand expertise and knowledge in this regard are best placed to provide leadership on responsible sourcing of battery materials, in collaboration with NGOs, governmental institutions and other groups of stakeholders.”

ReSource will allow consumers “to measure that the materials used in the batteries meet the most rigorous standards by way of a quality seal of assurance”, ERG said.

A Glencore spokesperson said the company was proud of its work with ReSource to “help promote and improve transparency and the sustainability of the battery supply chain and have been endorsed by major supply-chain participants and other interested parties”.

An IXM spokesperson said that the mining companies' expertise will help “create a product that is fit for purpose”, that “data will be checked and verified several times by multiple independent actors throughout the supply chain”, and that **ReSource** will set up an external advisory board. They added: “The aim of ReSource is to provide a traceability solution on the origin of material. It is not a regulation attempt or auditing tool.”

An SFO spokesperson said: “Our criminal investigation into ENRC remains ongoing. We deny any liability to ENRC.”

A Umicore spokesperson said: “Umicore supports transparency initiatives such as ReSource and the battery passport to eradicate unacceptable social and environmental practices and to share reliable information about the level of sustainability of a battery, ultimately also with end-consumers.”

Tesla did not respond to a request for comment.

Source: The Guardian