

Green Energy Transition Act 2025

An Act to make provision for the governance of supply chains for critical metals and minerals essential to the green energy transition and to improve sustainability due diligence for companies involved in the green energy sector.

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. Purposes

- (1) The principal purpose of this Act is to enhance the United Kingdom's contribution to safeguarding human rights while realising green energy ambitions.
- (2) This Act seeks to promote responsible sourcing of critical metals and minerals essential for renewable energy technologies, ensuring environmental sustainability and ethical labour practices throughout supply chains.
- (3) This Act aims to strengthen the resilience and security of the United Kingdom's supply of critical materials, reducing dependence on non-sustainable sources.
- (5) This Act will establish clear governance, oversight, and enforcement mechanisms to hold businesses accountable for due diligence in their supply chains, ensuring compliance with human rights and environmental standards.

2. Scope

In this Act—

- (a) "Critical metals and minerals" means metals and minerals deemed essential for the production of renewable energy technologies, including but not limited to lithium, cobalt, nickel, copper, and rare earth elements;
- (b) "Company" refers to any company engaged in— (i) the mining for critical metals and minerals; (ii) the production, distribution, or development of products essential for the green

energy transition, including but not limited to electric vehicles and their parts, such as batteries; and (iii) the production, distribution, or development of renewable energy, energy storage, or low-carbon technologies;

(c) "Supply chain governance" means the monitoring, reporting, and verification of ethical, environmental, and social compliance within the procurement and distribution of critical metals and minerals.

Part 2: Supply Chain Governance

3. Supply Chain Due Diligence Requirements

(1) Any company operating in the UK must conduct supply chain due diligence to ensure compliance with fair labour practices.

(2) The Secretary of State shall issue regulations requiring companies to:

- (a) Trace the origin of critical metals and minerals used in their supply chains;
- (b) Disclose environmental, social, and governance risks associated with their supply chains;
- (c) Ensure that extraction and processing activities align with internationally recognised labour and human rights standards.

(3) Companies must conduct due diligence on their supply chains to identify, assess, and mitigate environmental and human rights risks.

(4) A national registry of certified suppliers adhering to ethical and sustainable sourcing practices shall be maintained by the government.

(5) The Secretary of State shall have the authority to issue compliance guidelines and conduct audits to enforce adherence to sustainable and ethical standards.

4. Due Diligence and Reporting

(1) Companies must submit annual sustainability reports detailing their efforts to ensure ethical sourcing, reduce environmental impact, and uphold human rights standards.

(2) Companies failing to meet due diligence and reporting requirements shall be subject to penalties, including fines and restrictions on trade within the UK market.

Part 3: Enforcement and Penalties

7. Powers of Investigation and Enforcement

- (1) The Secretary of State shall have the power to investigate and enforce compliance with this Act.
- (2) The government may enter into agreements with international bodies to facilitate cross-border enforcement of supply chain governance measures.

8. Penalties for Non-Compliance

- (2) Companies failing to comply may be subject to:
 - (a) Fines;
 - (b) Restrictions on government subsidies and contracts;
 - (c) Suspension of operations within the UK market;
 - (d) Public disclosure of non-compliance.
- (b) Criminal liability in cases of severe breaches, including but not limited to unfair labour practices constituting child labour or modern slavery.

Part 4: Final Provisions

9. Review and Reporting

- (1) The Secretary of State shall publish an annual report assessing the impact of this Act on supply chain transparency and the green energy transition.
- (2) This Act shall be reviewed every two years to ensure its effectiveness and relevance.

10. Extent and Application

- (1) This Act applies to all companies operating within the UK green energy sector and those sourcing critical metals and minerals for UK operations.
 - (2) The provisions of this Act shall not affect existing environmental and corporate governance legislation but shall be read in conjunction with such laws.
-

This Act seeks to reinforce the UK's commitment to a sustainable and ethically responsible green energy transition by ensuring robust governance over supply chains and corporate practices in the sector.