



# EU Deforestation Regulation

Navigating the EUDR

January 2025

A BSI | Efeca co-authored whitepaper





# Foreword

**BSI and Efeca recognize the crucial role organizations play in safeguarding our world's most precious resources. As the importance of action on pressing challenges like deforestation and biodiversity loss grows, companies are adapting to increasingly ambitious regulations, with the European Union Deforestation Regulation (EUDR) driving fresh efforts towards sustainable sourcing and traceability. BSI and Efeca have come together to delve into the EUDR's implications, providing guidance for organizations on the necessary steps to meet compliance and actively contribute to global conservation efforts.**

We explore the regulatory landscape, laying out the expectations and potential risks for companies operating in affected sectors, including agriculture, forestry, and beyond.

BSI and Efeca are committed to supporting organizations at every stage of their journey towards a sustainable world. We hope this whitepaper empowers your organization to embrace EUDR compliance, helping you strengthen your supply chain integrity, meet evolving regulatory demands, and accelerate the global transition to a more sustainable, transparent future.



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We welcome the EUDR as a clear signal that further degradation of nature is unacceptable, and that all stakeholders globally must collaborate to support the transition to sustainable economic and trade systems. It is clear that compliance with EUDR poses significant challenges in countries that produce and consume relevant commodities. By taking practical steps to implement compliance, that complement broader sustainability strategies, EUDR provides an opportunity to build more resilient and equitable supply chains."

**Emily Fripp, Founding Director, Efeca**

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The EU Deforestation Regulation may pose challenges for businesses with complex supply chains, where tracing raw materials back to their source could be difficult. Ensuring compliance in these intricate networks requires thorough due diligence, as multiple suppliers and intermediaries increase the risk of deforestation-linked materials entering the supply chain."

**Ryan Lynch, Associate Director, Professional Services, Sustainability, BSI**



# Introduction

**Regulatory scrutiny is increasing when it comes to Environmental, Social and Governance (ESG), with Europe leading the way.**

The European Green Deal sets out the ambition for the EU to produce no net emissions of greenhouse gases by 2050, among other targets. The EU Commission has been introducing a range of legislation to help achieve this ambition.

One such piece of legislation is the EU Deforestation Regulation (EUDR), which comes amid the development and implementation of other EU sustainability legislation such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). All these regulations have a strong focus on requiring companies to develop and report on actions to monitor, mitigate, and improve on particular environmental and social aspects of supply chains



# Snapshot of the EUDR

**The EUDR implementation deadline is 30th December 2025, or 30th June 2026 for small and micro enterprises (having been delayed by 12 months from 30th December 2024).**

The initial Commission Proposal for the EUDR was published in November 2021, repealing the existing EU Timber Regulation 995/2010 (EUTR) with a transitional period for Timber products covered by EUTR lasting until 31st December 2028.

Building on learnings from the implementation of the EUTR, some key updates in the EUDR include stricter traceability and due diligence requirements for commodities and the application of these requirements to seven commodity groups, which include 'Wood'. The other six commodity groups are Cattle, Cocoa, Coffee, Oil Palm, Rubber and Soya.

These commodity groups are expanded into specific 'relevant products' in Annex I of the official EUDR text and classified by Combined Nomenclature (CN codes) which companies should be familiar with from their use in the Common Customs Tariff of the EU and external trade statistics.

The EUDR prohibits relevant products from being imported into the EU, placed on the EU market or exported from the EU unless they:

- Are deforestation-free
- have been produced in accordance with relevant legislation in the country of production
- are covered by a due diligence statement.

# EUDR overview

## Who is obligated?

Once a company has reviewed the list of relevant commodities and products included in the EUDR they must then determine if they qualify as an 'operator' or a 'trader' for any of these products as per the regulation.

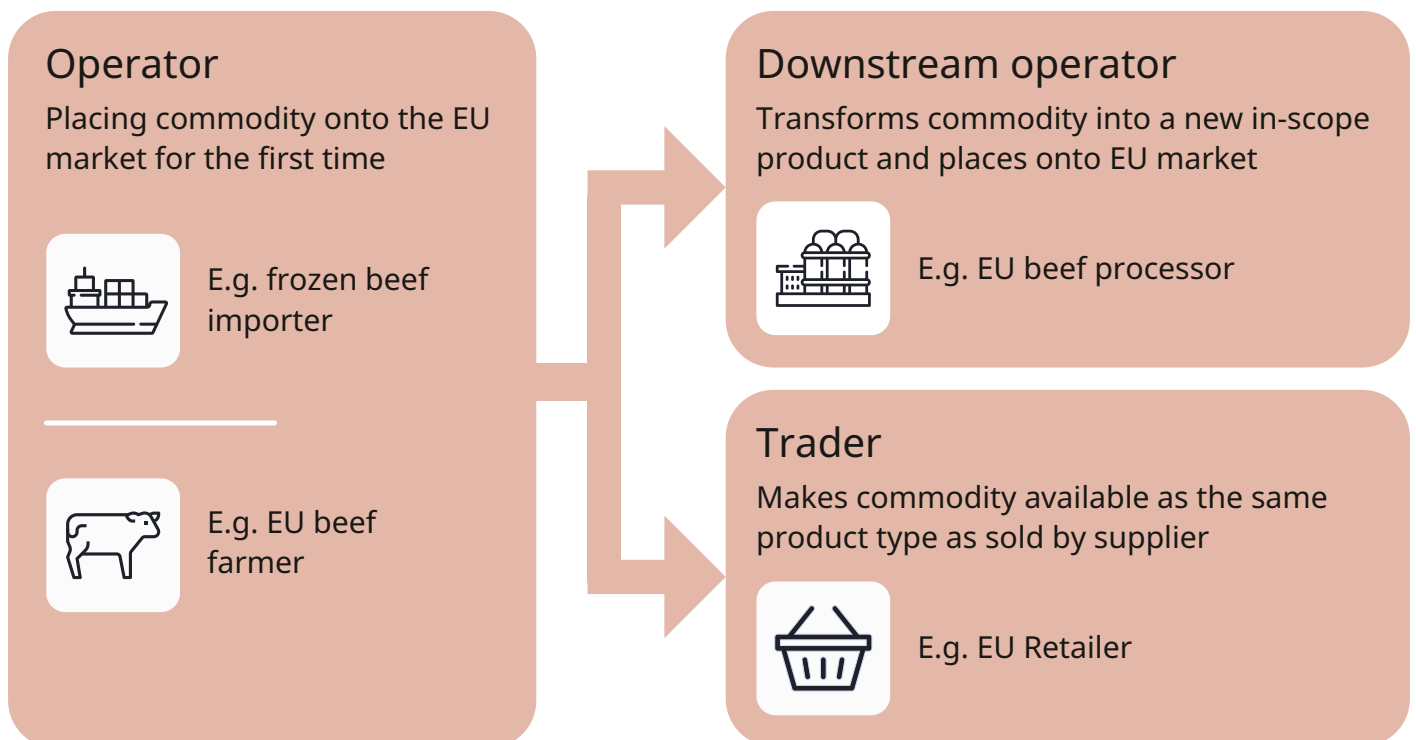
An 'operator' is a company who places relevant products on the EU market or exports them from the EU. Placing on the market includes the import of products into the EU and the trading of products within the EU. Products produced inside the EU are subject to the same requirements as products produced outside the EU as per the [EUDR FAQs published October 2024](#). Section 3 of the [Guidance published October 2024](#) has more information on the term 'placing on the market'.

'Operators' can be further broken down into 'Operators' and 'Downstream operators'. The term 'Downstream operator' refers to operators trading relevant products that have already been subject to due diligence as per the regulation.

A 'trader' is a company in the supply chain, other than the operator, who makes relevant products available on the market.

Downstream operators and traders which are micro, small and medium-sized enterprises (SMEs), as per the regulation, have a reduced responsibility if due diligence has already been carried out by an operator.

Regulation obligations are focused on the first importer or company to place relevant products on to the EU market, defining them as 'Operators'. Downstream operators and traders which are micro and small enterprises, as per the regulation, have a reduced responsibility if due diligence has already been carried out by an operator.



# Penalties

Potential penalties for companies found to be in breach of the regulation include confiscation of products or revenues gained by trading these products. Other potential penalties include temporary exclusion from public procurement processes or trading of relevant products in the EU and probably the most daunting penalty for companies in scope are fines up to a maximum amount of 4% of Union-wide turnover.

Member States have the responsibility to lay down rules on penalties applicable to infringements – these should be effective, proportionate and dissuasive. Member States will also have to notify the EU Commission of penalties imposed and publish on its website a list of judgements including company name, summary of infringement and where applicable the penalty imposed.

# Enforcement

In terms of enforcing the EUDR, EU Member States are required to designate one or more competent authorities responsible for fulfilling the obligations arising from this regulation. The list of assigned competent authorities are available on the EUDR public folder available [here](#).



# Information System

The EUDR Information System (IS), also referred to as the EUDR IT System or the Deforestation Due Diligence Registry, will play a crucial role in the implementation of the EUDR. As per Art. 33 of the regulation this information system will be established and maintained by the EU Commission. More information on this IT system, including functionality and timelines, is available on the EU Commission website available [here](#).

# Due Diligence

To prove the deforestation-free and legal status of products, the EUDR requires operators to exercise due diligence. This due diligence process is set out in the regulation and includes three stages:

- Collection of information
- Risk assessment
- Risk mitigation

## 1. Collection of information

Prior to placing products on the EU market or exporting them from the EU, operators must collect data and documents relating to the relevant product they want to trade. The information required includes:

- CN Code and description; including the trade name and quantity of the relevant product
- Country of production and the geolocation of all plots of land where relevant commodities were produced (for cattle, the geolocation shall refer to all the establishments where the cattle were kept, as well as the date or time range of production)
- The name, postal address and email address of any business, operator or trader whom the relevant products have been supplied to and from
- Adequately conclusive and verifiable information that the relevant products are deforestation-free and legally produced

It's important to note at this stage that while all of this information is required to be collected, based on information available on the EUDR IT system to date, some but not all of this information will have to be uploaded into the EUDR IT System (Annex 2 of the EUDR text states what information is required to be uploaded to the IT System in a due diligence statement). All this information will however have to be stored by companies for five years and made available to competent authorities on request.

## 2. Risk assessment

The EUDR requires proof of deforestation-free production but also legality in accordance with relevant local legislation.

The requirements for compliance with relevant legislation of the country of production can be defined in terms of the following categories:

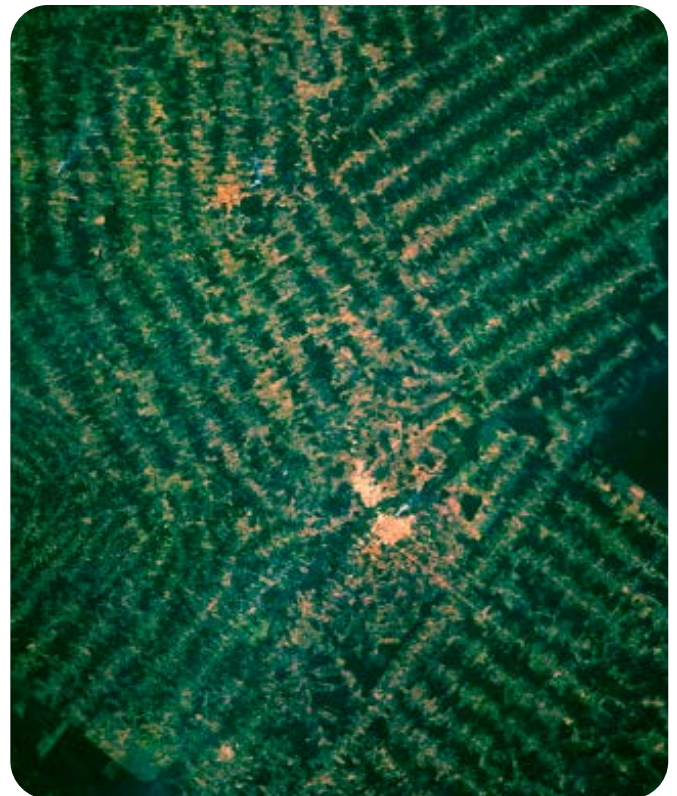
- forest-related regulations including forest management and biodiversity conservation, where directly related to wood harvesting
- land use rights
- environmental protection
- third parties' rights
- labour rights
- human rights protected under international law
- free, prior and informed consent, including as set out in the United Nations Declaration on the Rights of Indigenous Peoples
- tax, anti-corruption, trade and customs regulations

The next step of EUDR due diligence is the risk assessment where operators have to analyse and verify information to ensure the risk of material being non-compliant is negligible, or zero.

## 3. Risk mitigation

If through a company's risk assessment it is found that risk has not been reduced to zero or only a negligible level, to allow these products to be traded in the EU, adequate risk mitigation measures and procedures need to be adopted to reach this risk threshold. Examples for such risk mitigation procedures and measures are:

- requiring additional information, data or documents
- carrying out independent surveys or audits
- taking other measures relating to the information requirements of the EUDR e.g. supplier information, traceability, evidence of deforestation-free and legal status





# Simplified due diligence

Per Art. 13 of the EUDR, a simplified version of due diligence, which only involves step 1 on collection of information, is available to companies that can prove the products they are trading in the EU come from an origin that has been classified as low risk as per the EUDR assessment of countries or country benchmarking system outlined in Art. 29. Products originating from standard or high-risk origins require the full three step due diligence process.

Art. 29 of the regulation explains this assessment will be primarily based on scientific evidence and internationally recognised sources on:

- rate of deforestation and forest degradation,
- rate of expansion of agriculture land for relevant commodities, and
- production trends of relevant commodities/products.

# Country benchmarking system

The country benchmarking process, after initial delays, is underway, and is being carried out by a consortium of consultancies. This should be completed in mid-2025. The regulation established a three-tier system to assess countries or parts of countries as:

- Low risk
- Standard risk
- High risk

An example of other information that may also be considered includes:

- information submitted by countries, regional authorities, NGOs and third parties
- Agreements and other instruments between the country and the EU that addresses deforestation and forest degradation

As of the 29th June 2023, all countries were designated a standard level of risk. Countries or regions can be moved to high or low risk by the Commission and this classification will be reviewed and updated if appropriate.

Products from:

Obligations:

Frequency of checks:

**Low risk areas**

**Simplified due diligence**

**1%**

**Standard risk areas**

**Full 3-step due diligence process**

**3%**

**High risk areas**

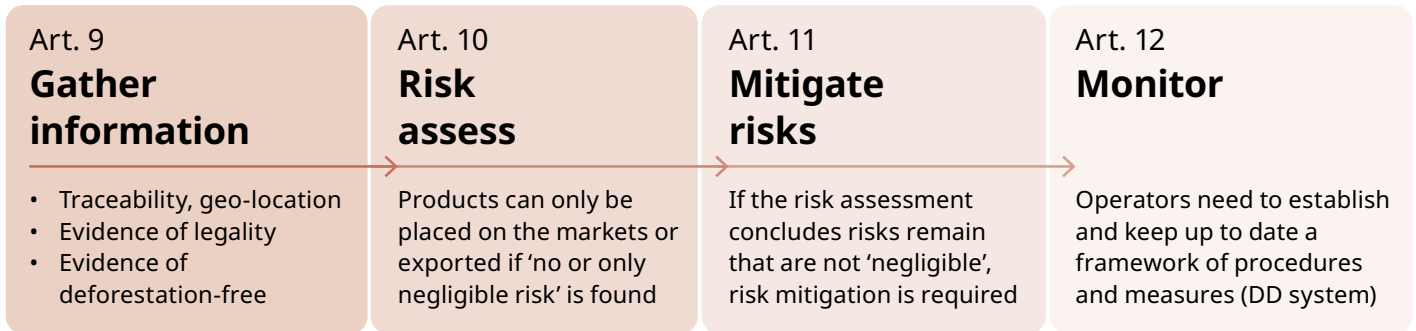
**Full 3-step due diligence process**

**9%**

There are different requirements regarding the frequency of checks by competent authorities based on the risk level of the country of origin of the product.

# Steps to comply

If a company is affected by EUDR, it should take the following steps to ensure compliance.



## Recommended actions

1 **Understand** the regulation and how it applies to your business:

- Do you have products in scope? (Annex 1)
- What is your likely status as 'operator', 'downstream operator' or 'trader'?
- What are the due diligence, traceability and documentation requirements?

2 **Start to gather information** you will need in order to understand and provide information and data on your supply chain, **and develop a compliance plan** for your business:

- Where do your products/ingredients originate (geolocation)?
- What available evidence already exists to demonstrate legality and deforestation-free? e.g. certification

3 **Work with your peers** through sector associations and consult with competent authorities where possible.

4 **Contact your relevant suppliers** to understand how they are preparing for EUDR and how you can work together.



# EUDR challenges

**As we continue to move swiftly towards the EUDR implementation deadline date of the 30th December 2025, some fundamental elements of the regulation continue to be unclear, in development, or are not functional to the level that many companies would like or expect given the vital role they will play in the implementation of the EUDR.**

## The Information System

One of these vital elements of the regulation is **The Information System (IS)** referred to earlier. Concerns about late completion and opening of the system, compared to the original date of entry into application of 30th December 2024, may be allayed by the new phasing-in period. The phasing-in period will last until 30th December 2025, and during this period the Information System will be operational and open for use.

A concern that is not publicly being addressed for companies who are classified as Operators is the currently proposed 25MB data limit per due diligence statement. It has been indicated by FECAC, the European Feed Manufacturers' Federation, that this 25MB data limit is likely to be reached within weeks, if not months, for commodities that are cumulatively sourced from hundreds of farmers. This would be true for many commodities and products in scope and could present a real challenge to the overall functionality of the IT System.

EUDR Operator registration began in November 2024 and the system has been in operation since December 2024. The newly approved phasing-in period is likely to allow many issues with the IT system to be resolved through 2025, ready for compliance by the entry into application on the 30th December 2025. The Commission has also published a [user guide](#) on interacting with the Information System.

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Over the past 12 months we have worked on EUDR in 4 workstreams: 1) Origins readiness, 2) Commercial readiness, 3) Legal compliance, 4) IT & data management. The teams have coordinated via a EUDR leadership team with representatives from each workstream.

We have been actively working on onboarding on EUDR compliant supply chains, with notes on Articles 9-10-11, both for deforestation and legality. We are also considering Article 13, Simplified Due Diligence, which allows for a declaration in excess.

In the absence of clear guidance from the EU Commission we have worked under an OECD due diligence approach and created an internal system that is robust according to the OECD guidance."

Giacomo Celi, Head of Partnerships, Sucafina

# How obligations are shared across supply chains

Shared obligations across supply chains are a particular concern for downstream operators and traders. While operators, as the first importer, exporter or company to place a product on the EU market, must upload the relevant due diligence information, including geolocation information, to the IS, it is less clear what exactly is required by downstream operators and traders. Large downstream operators and traders will also need to file a due diligence statement but can refer to due diligence performed earlier in the supply chain by including relevant reference numbers.

When referring to previous due diligence statements downstream companies may not have to systematically check every referenced statement, but must ascertain that proper due diligence has been carried out, as per the EUDR FAQs published October 2024.

According to the regulation text, downstream operators and traders can be found liable in case of a breach of the regulation and therefore need to ensure that previous due diligence they might refer to was carried out correctly.

Many companies are working to understand what this checking of previous due diligence means or should entail to ensure their company as a downstream operator or trader is not at risk of being fined for a due diligence system controlled by a supplier.

As things stand, potential penalties for downstream operators and traders remain the same as those for operators. There are a range of penalties available, and companies would hope that member states implementing the regulation will do their best to identify the actor in a supply chain who is most likely responsible for any breach in compliance before enforcing penalties. However, there has been nothing official issued by the EU Commission or indeed member states to date to suggest or confirm this.



# Considerations and insights

## What will the impact of EUDR be in the EU and producer countries?

The ambition of the EUDR is to halt and reverse EU-driven global deforestation. The regulation has been designed to achieve this ambition. Voluntary commitments on deforestation have not been able to achieve this and therefore the EU believes there is a need for legislation in this space.

The current format of the EUDR, which includes a strict prohibition on products that can't complete the necessary due diligence steps to meet the 'no or negligible risk' level required, raises questions about the potential exclusion of producers from certain regions from supplying the EU market. At the same time, the EUDR's requirements around strict traceability and segregation can be seen as necessary to ensure products reaching the EU are deforestation-free and legal, and companies are working with their supply chains to achieve this.

Supply chain models that segregate out sustainably produced material are not common for many of the relevant commodity supply chains in Europe. This is because the efficiency of global supply chains is in part achieved by regularly consolidating and mixing volumes of interchangeable commodities. As such, the EUDR has the potential to impact supply chain efficiency, and adapting commodity supply chains generally comes with an initial investment cost.

This development of more traceable supply chains, sourced through sustainable production, will support more resilient supply chains and enable EU countries and companies to have confidence that the products and commodities they are trading (and creating demand for) are not contributing to global deforestation, which is something that is not currently possible for many.

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Implementing the EUDR in a complicated palm oil supply chain can indeed be daunting. Challenges include scepticism, a demand for clarity, risks of market segmentation, and the potential exclusion of smallholders from the EU market.

Nonetheless, the EUDR has a clear purpose of contributing to climate action and ensuring that products entering or exported from the EU are sourced from deforestation-free supply chains. This aligns with REA's commitment to sustainable development, climate action, forest preservation, and enhancing the livelihoods of local smallholders. Thus, we are confident that we are heading in the right direction, and the EUDR can help create an enabling environment for positive changes overall.”

**Bremen Yong, Chief Sustainability Officer,  
REA Kaltim**



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Retailers welcome EUDR as an ambitious and important regulation in protecting our forests and preserving biodiversity. Regulations such as the EUDR can help retailers meet their targets on deforestation and, in turn, will enable a greater supply of deforestation-free products globally. While questions remain on the implementation and enforcement of the EUDR, our members continue to work towards the ambitions of the regulation, collaborating with other key stakeholders and investing in new technologies and training material.”

**Sophie De Salis, Sustainability Policy Advisor, British Retail Consortium**

## What will the broader impact of EUDR be?

We can already see that the EUDR is likely to have a much wider impact on global commodity chains than just in the EU and obvious commodity producing countries. The investments that companies trading in Europe will need to make to comply with the regulation will be spread through global supply chains. Likewise, the increased demand for verified sustainable commodities will support producers to invest in their practices, aiding a broader transition to more sustainable trade.

The seven commodity groups in scope are produced and imported from countries in the EU and all around the world and the non-discriminatory nature of the regulation means all of the producers in these supply chains, but also all intermediaries, have to have systems in place to provide the traceability and risk assessment / mitigation as required to access the EU market.

National solutions to support EUDR compliance are being developed in many producer countries, in many cases supported by both the private and the public sector and due to the historic consolidated nature of most commodity supply chains it is very likely EUDR compliant material will end up in markets outside the EU.

This regulation has the potential to have a much broader impact than just in the EU. The [Team Europe Initiative on Deforestation-free Value Chains](#) engages with producers across the globe and hosts workshops in producer countries including China and the US, on the EUDR and removing deforestation from global supply chains. The Commission also published in October 2024 a [framework for international cooperation on deforestation](#), which includes a draft methodology for the risk benchmarking.

So, while the requirements of this regulation can seem daunting at times, it is important to acknowledge that it is one of many tools we have to combat global deforestation and more broadly drive positive change across value chains.

## EUDR requirements, due diligence, integration with business strategies and processes

Actions to comply with EUDR can be more efficient when they are seamlessly integrated with existing business and sourcing strategies, commercial objectives and existing due diligence initiatives to monitor and mitigate supply chains on those ESG risks relevant to the organization.

EUDR can also offer an occasion to review existing risk assessments, internal processes and compliance practices, craft a proactive strategy to re-address any issues and make informed decisions.

## The role of certifications and audit

Ultimately, this is about accelerating progress towards a sustainable world, and here adopting globally recognised standards of best practice can play a key role. Compliance with such standards allows organizations to embed robust processes for mitigating the impacts across an ever-changing global landscape. They can be a catalyst of positive change, ensuring greater cooperation and alignment through the supply chain.

The EU Commission's guidance document on EUDR has a specific section that advises on how to use certification as part of a strategy to comply with EUDR (Section 10). This guidance details how businesses can evaluate the relevance and utility of

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Supplier audits help organisations to improve visibility and transparency across the various tiers of the supply chain, pinpoint areas where ESG risks may be present and work to counteract them. This helps to ensure compliance with regulations and demonstrate accountability.”

**Federica Pagnuzzato, Sustainability Director, BSI Continental Europe**

a given certification to their information needs for EUDR compliance, and can be applied to third-party certification, national-level certification schemes, or company-internal schemes.

In addition to this guidance from the EU, many schemes are updating their systems and procedures to enable producers to share the relevant information with customers in the EU. For example, RSPO and Rainforest Alliance have made their EUDR plans public and acknowledge that certification is not a silver bullet for EUDR compliance but that certification and legislation should work together to achieve more sustainable supply chains overall and this is an approach we see many companies taking.

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If the EUDR is strictly enforced and RSPO-certified products are aligned with the regulation, it is expected to increase the value of the products and pressure to adapt RSPO certification in all palm cultivation and crushing mill, leading to true sustainability.”

**Saowarot Aroonsiripon, United Palm Oil Industry Public Company Limited (UPOIC), Thailand**

# Available support from BSI and Efeca

## BSI

BSI can assist by helping businesses map and monitor their supply chains, offering training to manage these complexities, and providing certification services to demonstrate compliance. With BSI's guidance, companies can navigate the challenges of complex supply chains, reduce deforestation risks, and meet regulatory requirements, ensuring sustainable and responsible sourcing practices.

- **ISA (Internal & Supplier Audits):** Securing Trust In Your Supplier Partnerships | BSI ([bsigroup.com](https://www.bsigroup.com))
- **Development and management of supplier due diligence programs:** Development of policies, procedures, and risk assessment tools based on credible best practices and methods, training
- **Rainforest Alliance 2020:** certification program understanding training course
- **RSPO SCCS:** 2020 Supply Chain Certification Standard
- **RSPO P&C:** 2018 Principles and Criteria
- **MSPO SCC:** 2018 Malaysia Sustainable Palm Oil
- **ISPO:** Indonesia Sustainable Palm Oil
- **RSPO ISH:** 2019 Independent Smallholder
- **PEFC ST 2002:** 2020 Chain of custody certification for forest and tree based products
- **AS 4707:** The Australian Standard for Chain of Custody for Forest Products
- **AS NZS 4708:** 2021 The Australian/New Zealand Standard for Sustainable Forest Management
- **AFS 4708:** 2013 Australian Forestry Standard

## Efeca

Our preferred approach to any support is as a trusted extension of the team. We take a flexible approach and can offer any level of support, from a single feedback call to a longer-term programme. This might include:

- **Market and scope review:** Desk based review of a company's products that it buys and sells, as well as its position relative to global supply chains and the EU market
- **Compliance advice:** Providing advice on what aspects of company activity come into scope of the EUDR, and what obligations might follow, either from the law, or through possible contractual demands from downstream partners
- **Industry readiness review:** Current readiness reviews in terms of current policies and data availability to comply with EUDR-related requirements
- **Implementation support:** EUDR support – implementation of any activities. This could take the form of specific support to an agreed goal, or ad-hoc support in the form of sense-checking and helping with specific queries as they arise
- **Sustainability and compliance strategy:** Providing longer term policy and strategic support on broader sustainability issues around for instance living income, nature and biodiversity, linking with regular support to monitor and update existing deforestation and conversion-free policies.





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