

# The EU Deforestation Regulation

On 29 June 2023, the European Union (EU) adopted the Regulation on Deforestation-free Products (EUDR), a landmark legislation that introduces due diligence obligations for certain commodities and its derivatives. The Regulation aims to combat deforestation and forest degradation by reducing the EU contribution to consumption of these products and their derivatives.

Products made using these commodities, such as leather, chocolate, tyres and printed books are also covered. You are only subject to the obligations under the EUDR if you conduct business in the EU in relation to the commodities and products listed in Annex I of the EUDR. This list will be reviewed at least once by the EU by June 2025 and more commodities or products could be added.

The EUDR applies to goods produced after 29 June 2023 (except for timber products which have different timelines).

## RELEVANT COMMODITIES



Cattle



Cocoa



Soya



Coffee



Palm Oil



Rubber



Timber

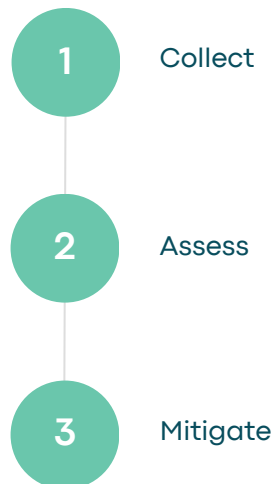
## Relevant commodities and products may only enter or be exported from the EU if they are:

- **Deforestation-free**, where deforestation refers to the conversion of forest to agricultural use, whether human-induced or not. Relevant commodities must be grown on land that has not been deforested after 31 December 2020.
- Produced in accordance with the **laws of the country of production**, including land use rights, environmental protection, labour rights and human rights protected under international law.
- Accompanied by a **due diligence statement** which concludes that there is no or only a negligible risk of non-compliance with the above two points.

# What are the due diligence requirements?

1. Collection of information and documents
2. Risk assessment
3. Risk mitigation

Operators and traders sourcing commodities and products from low-risk countries are subject to fewer obligations and **simplified due diligence**.

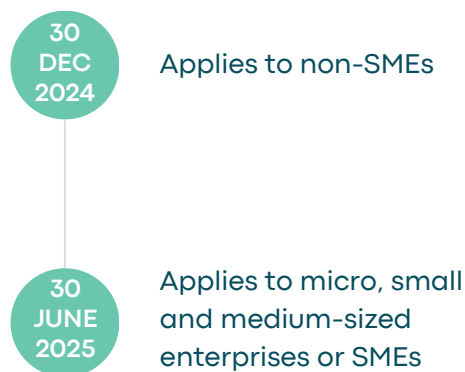


# Who does it apply to?

In principle, the EUDR applies to all **operators** and **traders** that place commodities and derived products on the EU market for the first time or export them from the EU market.

The obligations apply to companies **irrespective of their size**, as long as they conduct business in relation to the relevant commodities and products.

**SME operators** will only be required to undertake relevant due diligence obligations when the relevant commodities or products have not previously undergone due diligence. **SME traders** are exempt from due diligence obligations but have record-keeping obligations.





# How will risk be assessed?

## Criteria for risk-profiling a country

Commodity-producing countries will be benchmarked as **low**, **standard** or **high-risk** based on the following criteria:

- The rate of deforestation and forest degradation.
- The expansion of agricultural land for relevant commodities and products.
- Production trends for relevant commodities and products.

Other criteria such as sanctions on imports or exports, and the enforcement of laws related to deforestation, human rights and indigenous people may be considered.

The exact methodology for benchmarking is yet to be clarified by the EU.

The deadline for the EU to publish risk classifications is **30 December 2024**.

## Is there a specific method to collect data and information?

The EUDR does not specifically state how the data and information has to be collected as long as operators (or traders that are not SMEs) comply with the due diligence obligations under the EUDR.

## What about certification schemes?

Certification or other third-party schemes may be used as complementary information in the risk assessment process. However, they cannot be used as a proxy for compliance with the EUDR.

# Next steps

## WHAT CAN COMPANIES DO TO PREPARE?

In addition to improving traceability in their supply chains, companies could take several steps to embed **responsible business conduct** across their operations. This could position them well to comply with human rights due diligence and sustainability regulations, including the EUDR.

Some steps, which companies could consider in addition to robust traceability processes:

	Action
1	Reviewing internal policies and codes to ensure they are up to date and reflect responsible business practices throughout operations.
2	Thoroughly mapping the supply chain to identify actual or potential negative human rights and environment impacts in operations.
3	Conducting an assessment of existing suppliers' compliance with the relevant legislations, such as the EUDR, and establishing a rigorous screening process for new suppliers.
4	Developing preventive action plans, including incorporating contractual guarantees in business relationships.
5	Establishing or strengthening operational-level grievance mechanisms for stakeholders to lodge complaints directly to the company.
6	Fostering partnerships and collaborating with actors in their upstream supply chain, particularly small-scale farmers, to ensure they are well prepared to share the necessary information to demonstrate compliance with legislative obligations.

## ABOUT US

We are Business and Human Rights Compliance, the business and human rights arm of Global Rights Compliance an international human rights legal practice based in the UK and the Netherlands, specialising in international human rights, criminal, and humanitarian law.

We advise businesses, trade associations, and investors on both the legal and practical aspects of human rights due diligence. Our approach is centred around actively assisting and supporting organisations in developing responsible business models that not only respect human rights but also minimize legal liability and enhance sustainable practices.



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