

# SPOTLIGHT ON THE EU DEFORESTATION REGULATION

## Key takeaways

- The EUDR is in force and takes effect from 30 December 2025.
- Companies should assess now whether they are in scope and, those that are, should develop and / or refine existing compliance frameworks to ensure they are EUDR compliant ahead of the December deadline.
- The EU Commission has recently issued updated guidance, including country-level risk categorisation which will inform specific due diligence obligations.

Recent noise around ESG regulation, particularly prompted by the EU Omnibus sustainability package, risks overshadowing more imminent sustainability-related regulatory deadlines. There are a large number of ancillary ESG-related regulations which are in force already or will apply soon, in particular the EU Deforestation Regulation ("**EUDR**") which will take effect on 31 December 2025 for large and medium in-scope companies, and 30 June 2026 for small and medium enterprises ("**SMEs**").

The European Commission estimates that 10% of the world's forests have been lost through deforestation over the past 30 years. The EUDR aims to address this by prohibiting certain commodities (and products related to them) from the EU market unless they are deforestation-free, have been legally produced in accordance with the relevant legislation of the country of production, and are covered by a due diligence statement ("**DDS**"). In this way, the Commission intends to promote deforestation-free products, in turn reducing carbon emissions (generated by EU consumption and production of specific relevant commodities) by an estimated 32 million metric tonnes annually.

The EUDR's entry into force was delayed by 12 months to 30 December 2025, due to concerns with market preparedness. In mid-April 2025, the Commission published new guidance, FAQs and a draft Delegated Act (see Links) simplifying the EUDR's requirements. In May 2025, the Commission adopted an Implementing Regulation (also see Links), classifying countries based on their level of deforestation risk and aiming to provide a proportionate approach to due diligence requirements.

The table below sets out key detail to be aware of:

1. Scope – who?	<p>The EUDR applies to all operators and traders, EU-based or elsewhere, that conduct commercial trade activity on the EU market. They are further defined as follows:</p> <ul style="list-style-type: none"><li>■ <b>Operators:</b> any natural or legal person who places the specified commodities or relevant products (see row 3) on the EU market.</li><li>■ <b>Traders:</b> any natural or legal person in the supply chain (other than the operator) who makes certain key commodities or related product available on the EU market.</li></ul>
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	<p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>■ There is no specific company size threshold but the relevant deadlines are different for SMEs, which are in scope but have limited due diligence obligations (see row 5).</li> <li>■ Legal responsibility for compliance with the EUDR is with individual entities rather than groups of companies. However, company groups can mandate one of their members as an authorised representative to submit evidence on behalf of all members (see row 4).</li> </ul>
<b>2. Scope – when?</b>	<p>The EUDR application date will vary depending on the size of the company:</p> <ul style="list-style-type: none"> <li>■ <b>30 December 2025:</b> in force for all relevant entities, except SMEs.</li> <li>■ <b>30 June 2026:</b> in force for SMEs.</li> </ul>
<b>3.Scope – what?</b>	<p>The EUDR covers seven commodities, as well as many related products derived from key commodities:</p> <ul style="list-style-type: none"> <li>■ <b>Key commodities:</b> cattle, cocoa, coffee, palm oil, rubber, soya and wood.</li> <li>■ <b>Related products:</b> Annex 1 of the EUDR contains a list of derivative products in scope that have “been fed with or have been made using relevant commodities”. For example, leather, chocolate, paper, palm oil and charcoal.</li> </ul> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>■ Annex 1 is an exhaustive list and there is no threshold or minimum quantity of product below which the EUDR does not apply.</li> <li>■ Annex 1 is subject to change pursuant to a draft Delegated Act published in April 2025.</li> <li>■ The EUDR will not be immediately applicable to timber and timber products, which fall under the existing EU Timber Regulation (EU/995/2010) (“<b>EUTR</b>”) (see Links). Instead, the EUDR specifies certain transitional provisions for these products, which take into account the date of production and the date they were placed onto the EU market. For more information, please refer to the EU Commission’s Guidance on the EUDR (also see Links).</li> <li>■ The EUDR does not apply to goods produced solely from material that would otherwise be discarded e.g. timber material from a building demolition site.</li> </ul>
<b>4. The central prohibition</b>	<p>In scope entities must ensure the key commodities and related products placed on the EU market are:</p> <ul style="list-style-type: none"> <li>■ <b>“Deforestation-free”:</b> deforestation is defined as the conversion of forest to agricultural use, whether human-induced or not. In order to be “deforestation-free”, the relevant products must contain, have been fed with, or have been made using the commodities produced on land that has not been subject to deforestation after 31 December 2020; and in the case of relevant products that contain wood, that the wood has been harvested from the forest without inducing forest degradation after 31 December 2020.</li> <li>■ <b>“Produced in accordance with the relevant legislation of the country of production”:</b> this includes compliance with laws on land use rights, environmental protection, forest related rules, harvesting, third-party rights, labour and human rights, the principle of free, prior and informed consent (FPIC) and tax, anti-corruption, trade and customs regulations.</li> <li>■ <b>“Covered by a DDS”:</b> this requires confirmation that the operator has carried out due diligence in accordance with the EUDR and that they have found “no or negligible risk” of non-compliance with the two requirements above.</li> </ul>

## 5. Active obligations

In scope companies should follow the EUDR-prescribed due diligence method, as summarised below and evidence compliance, subject to variations in country-level risk categorisations (see Notes).

### 1. Information collection

- Collect detailed information to evidence compliance including trade name, type of relevant products, quantity of relevant products, country of production, geolocation and supplier contact details.
- Collect sufficient information to assess whether the product was produced in accordance with relevant legislation.
- In the case of downstream operators and traders, collect the reference numbers and verification numbers of DDS submitted by upstream suppliers and verify the validity of the reference numbers.
- The information requested should be made available to the competent authorities upon request.

### 2. Risk assessment and mitigation

- Assess the information gathered in due diligence and determine whether key commodities or related products comply with the EUDR. Details of the risk assessment criteria and results are to be made available to the relevant competent authorities.
- If the risk is deemed non-negligible, implement mitigation measures. For example, request additional documentation or carry out independent surveys.
- Where commodities are sourced entirely from areas that are classified as low risk, conducting a risk assessment and mitigation measures is not required (see Notes).

### 3. Due diligence statement

- Submit a DDS indicating no more than a negligible risk of non-compliance.
- DDS must be uploaded through the European Commission's dedicated Information System to the relevant competent national authority (see Links). This should reference all previous DDS received from direct suppliers.
- Due diligence systems should be reviewed annually, and DDS reported on an annual basis (reporting is not required for each shipment).
- Companies who place relevant products on the EU market must also communicate reference numbers of DDS downstream.

### Notes:

- The Implementing Regulation (see Links) classifies countries as low, standard or high exposure risk to deforestation. Commodities and related products from low risk countries will not be subject to risk assessment and mitigation requirements. All countries are categorised as either low or standard risk, except Belarus, North Korea, Myanmar, Russia, which are high risk.
- Operators also in scope of CSRD can fulfil their obligations under EUDR by including relevant information in CSRD reports.
- Non-SME downstream operators and traders who place in-scope commodities and relevant products on the EU market that were already subjects to DDS upstream may rely on this previously submitted DDS.

	<ul style="list-style-type: none"> <li>■ SME traders and downstream SME operators are not legally obliged to ascertain that due diligence was exercised upstream or submit DDS, provided that this has already been completed upstream. Their obligation is limited to communicating reference numbers and verification numbers to clients.</li> <li>■ DDS as well as due diligence and risk assessment frameworks will be accessible to authorities, traders, and the general public (to a more limited extent).</li> </ul>
<b>6. Enforcement</b>	<ul style="list-style-type: none"> <li>■ Designated competent authorities of Member States are responsible for the enforcement of EUDR and necessary measures to ensure compliance and mitigate risk.</li> <li>■ Companies will be subject to annual conduct checks by competent authorities.</li> <li>■ Natural or legal persons, including NGOs, may submit “substantiated concerns” to competent authorities when they consider that one or more operators or traders are not complying with the EUDR.</li> </ul>
<b>7. Penalties</b>	<p>Penalties for the EUDR breaches may include:</p> <ul style="list-style-type: none"> <li>■ <b>Statutory penalties:</b> including up to 4% of the company's annual EU turnover (fines proportionate to the environmental damage and the value of the relevant commodities or products), product confiscation or confiscation of the revenues gained from the products, temporary exclusion (for a maximum of 12 months) from public procurement processes and access to public funding (including tendering procedures, grants and concessions), temporary market prohibition from dealing with the EU in those relevant commodities and products, and prohibition from exercising the simplified DDS where relevant.</li> <li>■ <b>Reputational risks:</b> the EU Commission will publish a list of EUDR violations on their website, detailing the relevant company's name and offence within 30 days from the final judgement</li> </ul> <p>Breach of the EUDR may also give rise to deforestation related and wider supply chain diligence litigation.</p>

## Links to key resources

Please find below a list of useful resources as at May 2025.

- [EU Deforestation Regulation \(EU/2023/1115\)](#)
- [Delegated Regulation amending Annex I of Regulation \(EU\) 2023/1115 \(EU Deforestation Regulation\)](#)
- [Commission Implementing Regulation \(Draft, May 2025\)](#)
- [Annex to the Commission Implementing Regulation \(Draft, May 2025\)](#)
- [New European Commission Guidelines \(April 2025\)](#)
- [EU Commission FAQs \(Version 4, April 2025\)](#). The FAQs further refer to the:
  - [Consolidated Annual Accounting Directive \(2013/34\)](#) (Business size definitions referred to in FAQs)
- [The Information System of the Deforestation Regulation](#) (Registry of DDS referred to in row 5)
- [EU Timber Regulation \(EU/995/2010\)](#)

## For More Information

For further information, including how Weil can support with next steps and compliance and / or to be notified of future Weil ESG publications, please contact any of the authors below.



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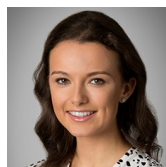
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