

Beyond the Forest: Navigating the EU's Deforestation Rules

Regulatory & Compliance on May 13, 2025

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On 15 April 2025, the European Commission (the “**Commission**”) [released](#) new simplification measures relating to the EU Deforestation Regulation (“**EUDR**”) with the promise of ensuring a “simple, fair and cost-efficient implementation”. This is part of the Commission’s broader agenda for economic competitiveness and to reduce reporting burdens on businesses.

We recap in this alert what the EUDR is, its journey so far and the latest simplification proposals.

What is the EUDR?

The EUDR formerly replaced the EU Timber Regulations on 29 June 2023, broadening the scope of commodities and obligations that would be placed on companies that operate within these markets. The EUDR now covers the regulation of commodities ranging from cattle, cocoa, coffee, palm oil, soya, rubber and wood. The obligations also extend to products that are derived from these commodities, such as beef, chocolate, printed paper, furniture and other derivative products.

Which companies are in scope?

The EUDR applies to both EU and non-EU companies that import to, place on, make available or export within the EU market relating to the specific commodities described under the EUDR.

The current thresholds for companies to be in scope of this regulation include:

- Larger companies - Those with 250 employees or more and/or an annual turnover of more than €50 million, and/or a balance sheet total of more than €25 million.
- Smaller companies - Those with fewer than 50 employed and either a turnover or balance sheet of less than €10 million.

The expected deadline for compliance is currently 30 December 2025 for larger companies and 30 June 2026 for smaller companies.

What is the legal framework around EUDR?

The EUDR is a directly applicable Regulation that does not need to be transposed. The EUDR itself currently sets extensive due diligence requirements for companies to ensure compliance with the Regulation. Following feedback from regulators and stakeholders, the Commission published updated guidance annexed to the EUDR (detailed below) on 15 April 2025, in addition to a draft of the Delegated Act and Implementation Regulation to accompany EUDR. It is expected that these will be introduced by 30 June 2025. The purpose of this additional layer of regulation is to allow for consistent implementation of EUDR across all EU Member States and to address the specific needs of different stakeholders, including businesses and regulatory authorities with respect to the application of EUDR.

What are the key requirements for companies under EUDR?

In-scope companies are obligated to submit electronic due diligence statements to an EUDR Information System (a digital platform) which are then checked internally by a registry, Member States and regulatory authorities. Key information to be captured in the due diligence statements that are submitted range from confirmation of the deforestation-free status of their products to demonstrating compliance with the applicable legal frameworks in the country of origin. Additionally, they must conduct and document comprehensive risk assessments outlining the measures taken to mitigate deforestation risks within their supply chains, and ensure full transparency by tracing all products to their precise location of production.

How will companies evidence this with due diligence?

Companies will be expected to collect extensive data to demonstrate their compliance with EUDR. The relevant data will extend from geolocations, relevant commodity information, traceability of products to description of the suppliers and goods being produced.

A risk assessment will need to be conducted for each product to evaluate the likelihood of non-compliance with the EUDR. Based on the outcome, companies are expected to implement appropriate risk mitigation measures, which may include commissioning independent audits, collecting supplementary documentation, or collaborating with suppliers to address capacity gaps and ensure the necessary steps are taken to achieve compliance.

What are the potential sanctions for companies that are non-compliant?

Penalties will include fines of at least four percent of EU-derived turnover, temporary exclusion from public procurement and public funding, confiscation of noncompliant products and associated revenues. There could be one or a combination of these penalties. Where there are instances of repeated offences of non-compliance, this could result in prevention of marketing/exporting the relevant commodities and prohibition of the use of the EUDR simplification measures.

What are the new EUDR simplification measures?

The recent simplification measures from the European Commission provide further guidance on the application and compliance in respect of the scope of the EUDR. The Commission noted that these new guidelines address commercial concerns of application and adherence as well as administrative burdens which could see an estimated 30% reduction in the costs of complying with EUDR.

Under the new guidance, the simplification measures include:

- large companies can reuse existing due diligence statements relating to goods previously placed on the EU market that are reimported;
- authorised representatives can submit a due diligence statement on behalf of a group set of companies; and
- companies will be allowed to submit due diligence statements annually (instead of for every shipment or batch placed on the EU market).

The simplifications in the guidance are accompanied by a draft Delegated Act, with the feedback window ending on 13 May 2025.

What should companies do now to align to the new EUDR standards?

As a pre-emptive measure, companies within these markets are recommended to consider a range of actions such as to map their supply chains to identify high-risk areas, implement traceability systems, prepare their due diligence documentation, and continue to monitor further updates from the Commission including country specific risk clarifications.

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