

EUDR – New rules on deforestation: is your business ready?

March 2025

On 30 December 2025, the European Regulation on Deforestation-free Products (EUDR) will become applicable. The new rules aim to ensure that products consumed in Europe do not contribute to global deforestation and forest degradation. It requires companies trading in certain commodities and their derived products commodities to carry out due diligence on the value chain. These new rules have a significant impact on business and will transform entire industries.

Who is affected?

Currently covering seven commodities (cattle, cocoa, coffee, palm oil, rubber, soya and wood), the regulation includes a wide range of products beyond food, furniture and distribution, affecting sectors such as automotive, construction, and chemicals and pharmaceuticals.

What are the requirements?

Initially due to be applied at the end of 2024, the regulation has been delayed to apply from 30 December 2025, giving companies an extra few months to prepare for the new obligations. The regulation requires companies to carry out due diligence on their supply chain, which involves collecting data, carrying out risk assessments and mitigating risks. While the primary responsibility lies with the company placing the products on the EU market, the regulation has an impact on the upstream value chain, as non-EU companies are expected to be increasingly asked by their customers to provide the necessary information to meet their due diligence obligations.

Act now

Although the obligations of the EUDR do not apply until 30 December 2025, it is important for companies to prepare now as the implementation of the obligations may take time and non-compliance with the EUDR will prevent access to (and exports from) the EU.

Steps for immediate action

Companies need to adopt a structured approach to ensure timely compliance with the regulation:

- 1. Impact assessment:** assess the impact of the regulation on your products and supply chains
- 2. Gap analysis:** review existing policies, data, and processes against the requirements of the regulation
- 3. Due diligence framework:** design the processes and frameworks to meet the requirements of the Regulation
- 4. Implementation and engagement:** implement the technology and engage with your suppliers to collect data and define appropriate measures
- 5. Scale up:** use traceability and transparency for a more strategic approach to supply chain transformation



How KPMG can help

- We offer multidisciplinary expertise and have a global presence
- We conduct EUDR readiness assessments and awareness workshops
- We provide companies with a structured approach by designing the processes and frameworks for companies' EUDR journey (e.g. risk identification and mitigation framework, etc.)
- We assist companies in the screening of technology solutions that meet the requirements of the EUDR Regulation while responding to and anticipating the requirements of other relevant EU regulations (e.g. Corporate Sustainability Reporting Directive, Corporate Sustainability Due Diligence Directive, etc.)
- We support companies in the implementation of due diligence from supplier engagement to technology deployment and submission of due diligence statements

Challenges

- Getting different functions (e.g. legal, procurement, IT, etc.) on board and setting up the right governance to monitor compliance
- Re-orienting sourcing strategies on certain commodities can be challenging in a context of geopolitical tensions, resource scarcity and limited supply
- Ensuring compliance with local social and environmental laws may prove challenging
- Implementing the right technology for data collection and gathering data from suppliers can take time

Benefits

- A multidisciplinary team of experts to support you on your EUDR journey
- Clarity on the impact of the EUDR regulation on your products and pragmatic steps towards compliance
- Technology-driven approach using automation and AI to integrate EUDR into your supply chain and improve efficiency and accuracy
- Transformation roadmap to help you prepare for other relevant upcoming EU regulations

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