

WHITEPAPER

Achieving EUDR Compliance: A Practical Guide

Anthesis 



Executive Summary

The European Union Deforestation Regulation (EUDR) establishes stringent requirements for companies importing commodities linked to deforestation. Businesses must implement robust compliance strategies to navigate the complex regulatory landscape, reduce legal risks, and maintain market access. Non-compliance can result in fines, trade restrictions, or even bans. This whitepaper outlines a six-step process to achieve EUDR compliance, offering practical insights and actionable guidance for sustainability leaders. Complying with the EUDR can be challenging, but Anthesis' [Forest Positive](#) team is here to help. As an official Delivery Partner of the [Accountability Framework initiative \(AFi\)](#), we apply global best practices to assess, prioritize, and manage deforestation risks in supply chains, ensuring companies meet regulatory standards efficiently.



Introduction to EUDR

The [European Union Deforestation Regulation \(EUDR\)](#), entered into force June 29, 2023, is a landmark legislative measure aimed at combating global deforestation and promoting sustainable trade. It targets commodities frequently associated with deforestation, including palm oil, soy, coffee, cocoa, timber, rubber, and beef, as well as derived products like leather and furniture. The regulation mandates that businesses importing these goods into the EU must ensure their supply chains are free from deforestation after the cut-off date **December 31, 2020**.

The EUDR replaces the [EU Timber Regulation \(EUTR\)](#) and expands its scope to address agricultural commodities, reflecting the EU's heightened environmental ambitions under the European Green Deal. After reviewing the impacts of the EUTR, it was found that the EUTR fell short of its goals of curbing illegal logging and trade and reducing consumption of illegally harvested timber in the EU. By **December 30, 2025**, large and medium companies must implement due diligence systems, trace the origins of relevant products, and provide geolocation data for sourcing areas. They must also submit annual reports verifying compliance with deforestation-free criteria. Small and micro-enterprises (SMEs) have varying obligations under the law, and will need to demonstrate compliance starting **June 30, 2026**.

EUDR compliance is not just a legal obligation but a strategic necessity for businesses operating in global markets. It signals the EU's commitment to environmental stewardship and forces companies to adopt transparent, sustainable sourcing practices, ultimately reshaping global supply chains and reducing deforestation-driven climate impacts.



Decoding Key Definitions

Understanding the key terms defined in the EUDR is essential for determining how the regulation applies to your business. Below are important definitions decoded for clarity:

Term	Meaning	Examples	Why it matters	Source
Cut-Off Date	Using the definition from the Accountability Framework initiative, a cut-off date is “the date after which deforestation or conversion renders a given area or production unit non-compliant with no-deforestation or no-conversion commitments, respectively.”	A coffee farm clears nearby forested area and expands coffee in 2022, this is after the acceptable cut-off date of December 31, 2020.	The cut-off date is used when assessing possible deforestation and degradation. Commodities linked to conversion occurring after the cut-off date are prohibited from being placed on the market or being exported.	ACCOUNTABILITY FRAMEWORK INITIATIVE DEFINITIONS
Micro and Small Enterprise (SME)	Defined based on staff headcount and either annual turnover or balance sheet total. <ul style="list-style-type: none"> Small: Fewer than 50 employees and limits of €10m for both financial metrics. Micro: Fewer than 10 employees with a maximum of €2m for both financial metrics. 	A family-owned cocoa processing business with 100 employees, annual revenue of 10 million EUR, and a balance sheet total of 8 million EUR qualifies as an SME because it meets all three criteria.	Whether operators or traders, the obligations of SME companies to conduct due diligence vary compared to large and medium sized companies.	OFFICIAL EU SME DEFINITION
Derived Products/ Commodities	Products made using regulated raw materials such as palm oil, soy, timber, coffee, cocoa, rubber, and beef.	<ul style="list-style-type: none"> Palm oil Processed foods, cosmetics, biofuels Timber Furniture, paper, wood-based products Beef Leather goods, processed meat 	If your business imports or processes Annex I commodities, such as transforming cattle hide into leather, the EUDR applies to your supply chain. This includes both importing raw materials and manufacturing products from these commodities.	REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
Operator	Any business or individual first placing regulated commodities or derived products on the EU market or exporting them.	Importers, exporters, manufacturers, and producers bringing goods into the EU.	Operators are fully responsible for ensuring EUDR compliance, including supply chain due diligence and reporting.	REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ARTICLE 2 (15)
Trader	A business or individual selling or distributing regulated commodities or derived products already on the EU market.	Wholesalers, retailers, and distributors.	Traders must be able to identify their direct suppliers and customers but are not responsible for conducting full due diligence unless they also act as operators.	REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ARTICLE 2 (17)
Deforestation-Free	Products must not be sourced from land deforested after December 31, 2020. Both legal and illegal deforestation are considered.	A palm oil plantation established in 2021 after clearing a tropical rainforest is considered deforestation if the land was forested on or after December 31, 2020.	This is the core requirement of EUDR compliance. Supply chains must be traced back to sourcing areas to ensure they meet this criterion.	REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ARTICLE 2 (13)
Forest Degradation	Degradation means structural changes to forest cover, taking the form of the conversion of: <ul style="list-style-type: none"> a) primary forests or naturally regenerating forests into plantation forests or into other wooded land; or b) primary forests into planted forests. 	Selective logging in a tropical forest that reduces biodiversity and carbon storage but does not completely clear the land.	The law also prohibits the import and export of wood products linked to woodlands converted after the 2020 cut-off date.	REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ARTICLE 2 (7)
Due Diligence System (DDS)	A mandatory process that operators must implement to assess and manage risks of deforestation in their supply chains.	Core Elements: <ul style="list-style-type: none"> Collecting detailed supply chain data (e.g., geolocation, product origin) Conducting risk assessments Implementing risk mitigation measures 	Operators must prove they have a functioning DDS to comply with EUDR.	REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ARTICLE 8
High-Risk and Low-Risk Countries	The EU will classify countries based on deforestation risk levels. The Commission has published its methodology for benchmarking countries, and a complete benchmark will be available before July 2025.	<ul style="list-style-type: none"> High-Risk Countries: Require enhanced monitoring and stricter compliance checks. Low-Risk Countries: Subject to simplified compliance procedures. 	Sourcing from high-risk countries means more stringent reporting and verification obligations.	INTERINSTITUTIONAL FILE 2024/0249(COD)
Competent Authorities	National agencies designated by EU member states to enforce the EUDR, conduct inspections, and impose penalties.	Designated Member States' Competent Authorities	These authorities will oversee compliance, review reports, and carry out inspections. Fines can reach up to 4% of annual EU revenue for non-compliance.	REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
Traceability	The ability to track a product's origin back to its exact sourcing area using geolocation data.	A chocolate manufacturer uses blockchain and satellite technology to trace cocoa beans back to their farms in Ghana.	Businesses must map their supply chains from source to market to ensure transparency and EUDR compliance.	EUDR FAQ



By understanding these terms, companies can better address the compliance scope and assess their responsibilities under the EUDR, taking the necessary steps toward compliance.

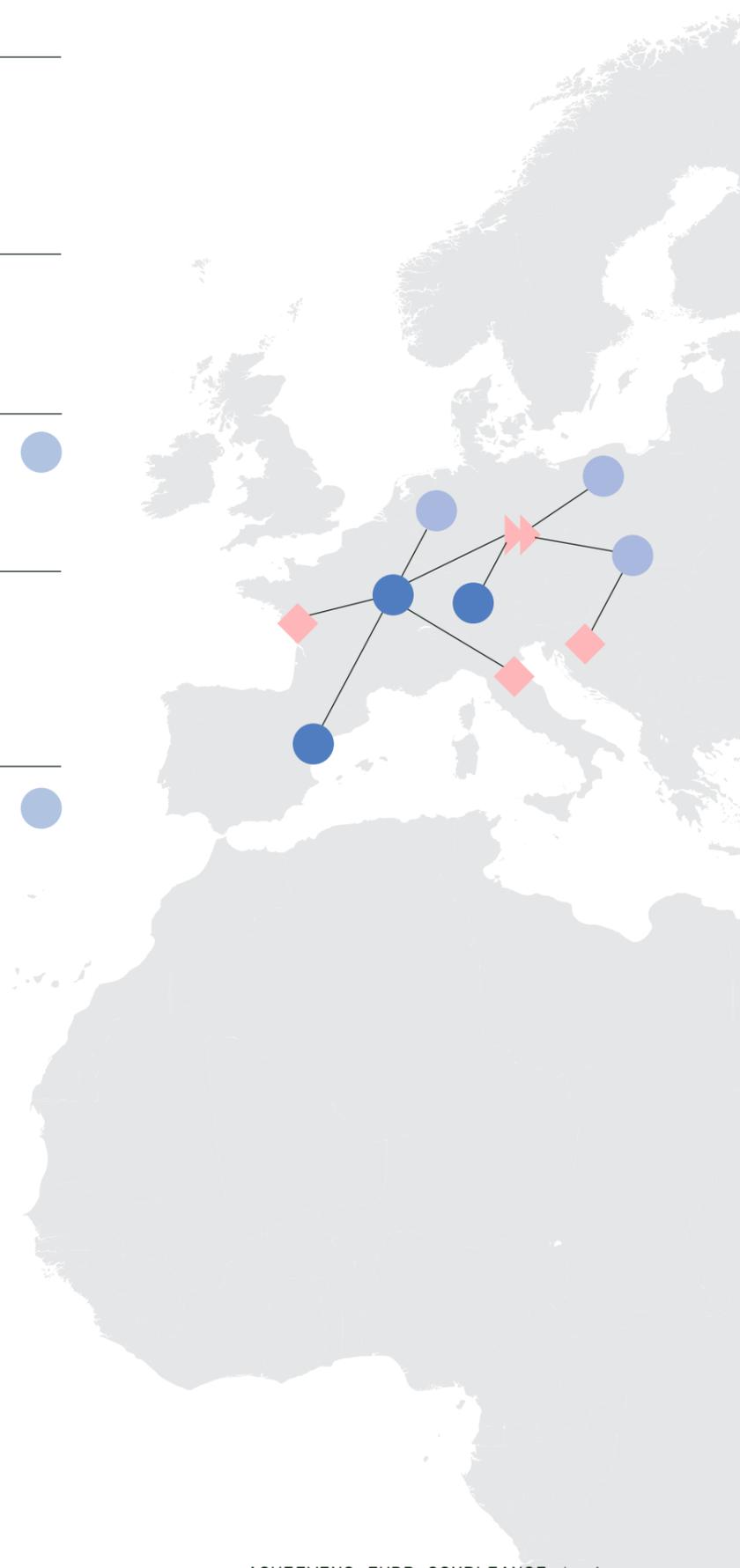
This infographic outlines the requirements under the EUDR, and the companies affected by it. The obligations and requirements include submitting due diligence statements (DDSs), cooperating with authorities, and maintaining a due diligence system. Various entities in the supply chain, such as importers, exporters, producers, and traders, must comply with these regulations, depending on their role. The map highlights the interconnected nature of stakeholders across Europe, categorized by their size and function, such as SME traders or large company merchants.

Requirements and companies affected by European regulation to combat deforestation

Requirements	Who is affected
Submit one due diligence statement (DDS) per product in the information system. DDSs of previous traders or traders can be used (Article 4).	◀▶ ◆ ▶▶ ●
Be jointly responsible for ensuring that the products comply with the regulation if you take advantage of a previous DDS (Article 4).	◀▶ ◆ ▶▶ ●
To provide the authorities with the required information and to cooperate in controls (Articles 4 and 5).	◀▶ ◆ ▶▶ ● ●
Communicate to operators and traders downstream in the supply chain all necessary information, including DDS Reference Numbers (Articles 4 and 5).	◀▶ ◆ ▶▶ ●
Establish, maintain, and publish a due diligence system (Article 12), a framework of procedures and measures that must be reviewed annually.	◀▶ ◆ ▶▶ ● ●

- SME trader or individual
- Large company merchant
- ◀▶ Importer / Exporter
- ◆ Producer
- ▶▶ Transformer

Source: IEEB



Quick Check: Is Your Business Subject to the EUDR?

The EUDR is reshaping global trade by targeting companies linked to deforestation. Are you certain your supply chain meets the EU's deforestation-free standards? Can you trace the origin of every raw material back to its source? If not, your business could face severe regulatory and financial consequences. Article 25 of the EUDR mandates Member States to enforce penalties for non-compliance, including fines up to 4% of annual turnover, confiscation of goods or revenues, and market bans. Serious or repeated violations may lead to stricter measures like exclusion from public procurement. Final judgments must be reported to the European Commission and published online.

This list of questions will help you quickly determine whether the EUDR applies to your business. Your answer(s) may uncover potential risks and compliance gaps. Proactively understanding and planning your business compliance to reduce legal risks is wise—staying ahead starts with knowing where you stand.

1. Do you trade, produce, or import to and/or export from the EU market any of the following: palm oil, soy, coffee, cocoa, wood products, rubber, and beef?

- If yes: EUDR likely applies
- If no: EUDR may not apply

2. Do your products contain any materials derived from these commodities (e.g., furniture, processed foods, paper)?

- If yes: EUDR likely applies
- If no: EUDR may not apply

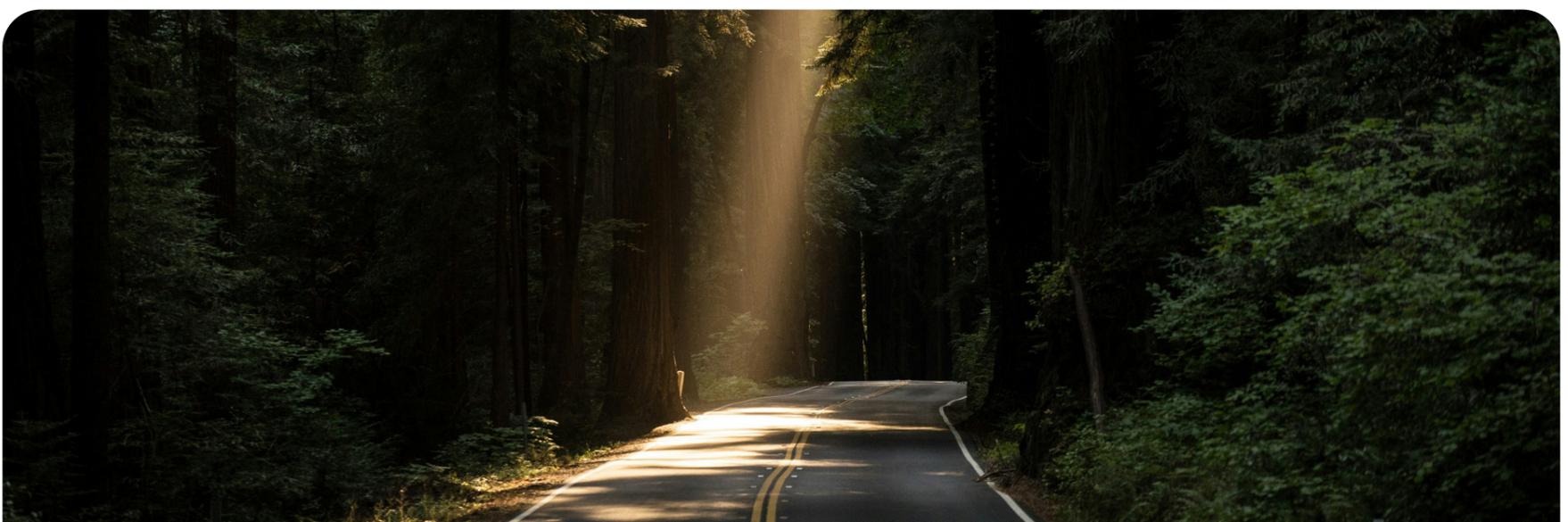
3. Do you source any of the above commodities from regions known for deforestation risks (e.g. Amazon Basin, Congo Basin, Indonesia, Malaysia)?

- If yes: EUDR likely applies
- If no: EUDR may not apply

4. Do you supply products containing these commodities to EU-based clients?

- If yes: EUDR likely applies
- If no: EUDR may not apply

If you answered “yes” to most questions above, your business is likely to be covered in the EUDR. Please consult with your legal counsels to determine whether your business is subject to the EUDR. Anthesis is happy to provide consultation support to your legal counsels.



Six Key Steps To Compliance

Now that you know if your business is likely to be covered in the EUDR, it is time to take action! Anthesis supports companies with six key steps. The steps follow the EUDR closely and the result of each step feeds into the next, ensuring compliance while also providing a manageable approach for companies.

Step 1: Conduct a Materiality Assessment

- Identify commodities in your supply chain affected by EUDR.
- Assess the scale of exposure based on import volumes, sourcing regions, and deforestation risks.
- Develop a risk matrix to prioritize high-risk suppliers and commodities.

Action Tip: Anthesis has developed an EUDR Screening Survey, available through [MERO](#), our cloud-based sustainability software solution.



Step 2: Establish Supply Chain Traceability

- Map the entire supply chain from source to market.
- Use technologies like blockchain and satellite monitoring to ensure data accuracy.
- Collaborate with suppliers to enhance transparency and share compliance goals.

Action Tip: Start with direct suppliers, then expand deeper into the supply chain.



Step 3: Implement Due Diligence Processes

- Develop due diligence policies, including supplier codes of conduct.
- Conduct on-site supplier assessments and third-party audits.
- Integrate deforestation criteria into procurement decisions.

Checklist:

- Supplier compliance documentation
 - Monitoring system for deforestation events
 - Corrective action plans
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Step 4: Engage Stakeholders and Build Capacity

- Involve suppliers, NGOs, and certification bodies.
- Provide training sessions and workshops on EUDR requirements.
- Establish clear communication channels with all stakeholders.

Action Tip: [Anthesis Compliance Suite \(ACS\)](#) helps companies collect supplier information. ACS is a reliable, cloud-based tool that can automate your EUDR data collection process. It seamlessly integrates with leading enterprise systems like SAP, Oracle, PTC, Siemens, etc., ensuring a smooth transfer of information.



Step 5: Develop a Risk Management System

- Create a deforestation risk management framework.
- Monitor supplier performance continuously.
- Use key performance indicators (KPIs) for tracking compliance progress.

Action Tip: Automated risk management tools can help streamline compliance processes and reduce administrative burdens.



Step 6: Ensure Transparent Reporting and Disclosure

- Prepare annual compliance reports as required by EUDR.
 - Use sustainability reports to highlight progress and improvements.
 - Disclose corrective actions taken in case of non-compliance findings.
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Some Expected Key Challenges

Data Gaps:

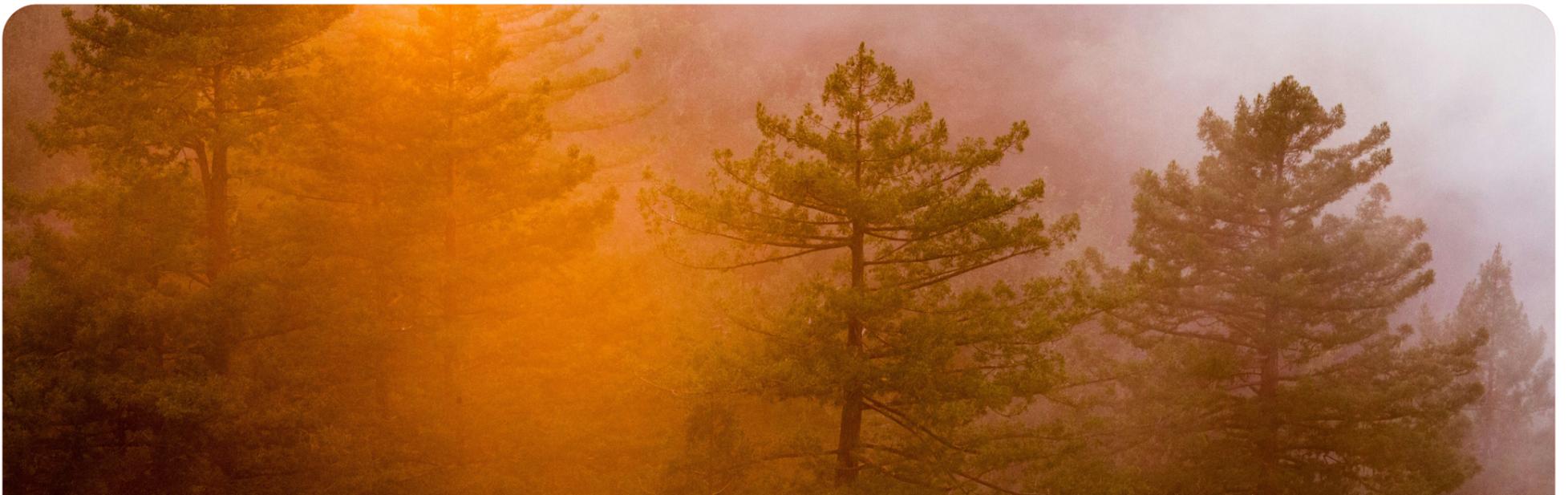
To address gaps in supply chain data, companies should consider investing in advanced data collection and verification technologies. This ensures more accurate and reliable information about the origin of commodities and helps meet EUDR requirements.

Monitoring Complexity:

To manage the complexity of monitoring vast, global supply chains, businesses should consider adopting satellite imaging and machine learning technologies. These tools enable real-time tracking of deforestation events and supply chain activities, ensuring ongoing compliance with the EUDR.

Supplier Resistance:

Overcome supplier reluctance by modifying contracts that outline clear compliance expectations and offering incentives for meeting sustainability goals. Building strong relationships and providing support can also improve cooperation.



Conclusion

Achieving compliance with the EUDR presents both challenges and opportunities for businesses operating in global markets. With stringent requirements for due diligence, traceability, and deforestation-free sourcing, it is time for companies to take proactive steps to align their operations with these new standards. While the regulatory landscape may seem complex, Anthesis' six-step approach outlined in this guide provides a structured pathway to support compliance, minimize risks, and enhance sustainability practices across supply chains.

With the potential for significant fines and reputational damage for non-compliance, it is crucial that businesses take immediate action to assess their exposure and implement effective measures to meet the EUDR's demands. Anthesis, with its expertise and tools like the EUDR Screening Survey and Compliance Suite, is well-positioned to support companies through every stage of the compliance process, from risk assessment to transparent reporting.

By embracing the EUDR's requirements, companies not only reduce their legal and financial risks, but also ensure that they stay competitive in sustainable trade practices globally. The time to act is now.



If you would like to learn more:

We are the largest group of dedicated sustainability experts in the world: a team of 1250+ people, operating in 40 countries, to serve more than 4,000 clients. We exist to shape a more productive and resilient world by helping organisations transition to new models of sustainable performance

Contact us:

For tailored EUDR compliance support, contact our experts at AnthesisGroup.com

contact@anthesisgroup.com

