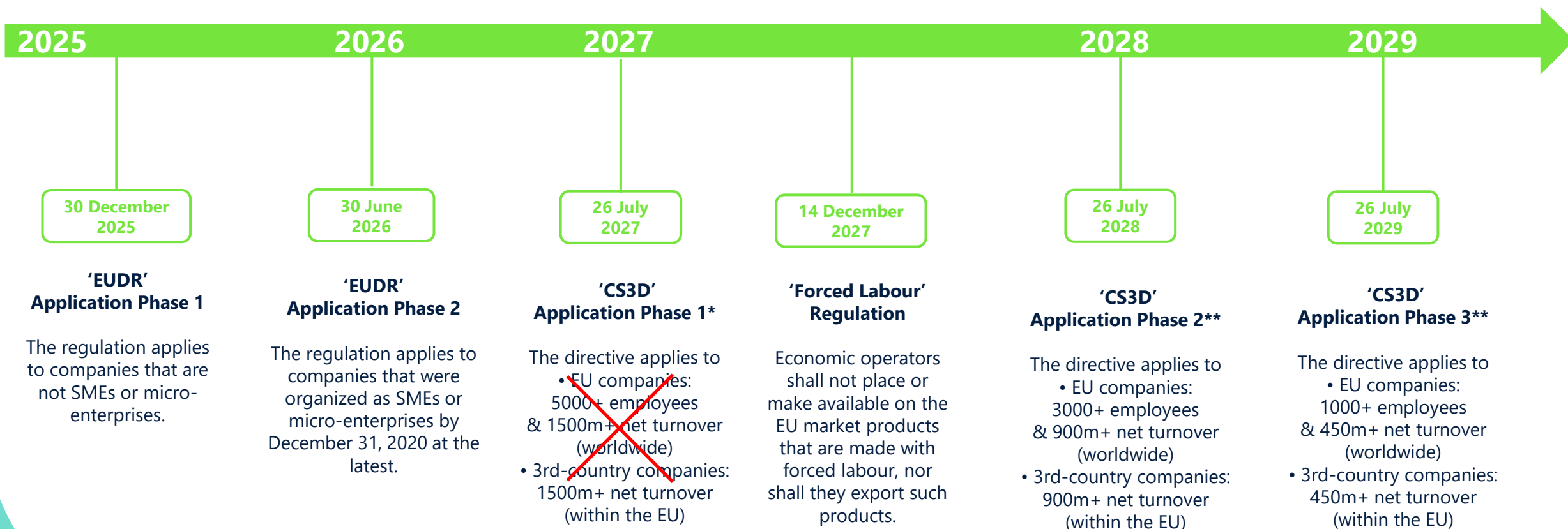


# How do the upcoming EU Directives on sustainability impact your international value chains?



# Timeline



*\*Except for the measures necessary to comply with Art. 16 relating to the publication of an annual statement, which Member States shall apply to those companies for financial years starting on or after 1 January 2028*

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# EUDR

## Scope of application

This regulation applies to operators and traders who place in scope products on the EU market or export:

- Operator means 'any natural or legal person who, in the course of a commercial activity, places relevant products on the market or exports them'
- Trader means 'any person in the supply chain other than the operator who, in the course of a commercial activity, makes relevant products available on the market'

**In scope products: beef, cocoa, coffee, palm oil, rubber, soy, wood, and products derived from these.**

## Obligations

Companies that trade 'in scope' products must ensure they are:

- Deforestation free (that the relevant products contain, have been fed with or have been made using, relevant commodities that were produced on land that has not been subject to deforestation after 31 December 2020);
- they have been produced in compliance with applicable local laws;
- and they are accompanied by a due diligence statement (See Annex II).

**Due diligence statements must be kept for a minimum of 5 years.**

## Sanctions

Competent authorities will conduct risk based checks and can:

- Take corrective action, like preventing the relevant product from being placed or made available on the market or exported; withdrawing or recalling the product; donating or if not possible disposing of the product
- Impose penalties, like fines, confiscation of the product, confiscation of the revenues, temporary exclusion from public procurement process and access to public funding, etc..

**Companies also face reputational risk through publication of the imposed penalties.**

# EUDR Simplification

- Publication of updated **guidance**
- **EUDR FAQ** updated
- Delegated Act project to **simplify the obligations**
- **Consultation** open until 13 May
- **Country benchmarking system publication** announced for 30 June

## Frequently Asked Questions - Defore Regulation

### Details

Publication date 22 December 2023  
Author Directorate-General for Environment

### Files



22 DECEMBER 2023  
FAQ - Deforestation Regulation

English  
(HTML)

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## EUDR - Step-by-Step Guide for Business



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WWF's European Union Deforestation Regulation (EUDR) Step-by-Step Guide for Business focuses on the overarching steps that companies are encouraged to consider as they ready themselves for compliance with the EUDR.

The practical guide is most relevant for:

- Large downstream companies - rather than small and medium-sized enterprises (SMEs);
- Personnel responsible for the development and implementation of compliance systems and procedures.

The guide also includes recommendations for the adoption of leadership practices that reflect high levels of ambition. It is thus intended as a resource not only for staff tasked with regulatory compliance, but also for those with broader remits related to corporate social responsibility in the forest and agricultural commodity sectors.

Version 1 of the guide launched July 2024. The EUDR Step-by-Step Guide, Annex 2 - Due Diligence Process Flowchart, and Annex 2 - Due Diligence Procedure Record were updated in September 2024. The guide will be updated as the European Commission updates its own FAQs and guidance.

[https://www.eu.asssets.panda.org/downloads/eudr-step-by-step-guide\\_v1-1\\_hd.pdf](https://www.eu.asssets.panda.org/downloads/eudr-step-by-step-guide_v1-1_hd.pdf)

EUDR Step-by-Step Guide for Business	
pdf 8.28 MB	<a href="#">↓</a>
Annex 1 - Readiness Assessment pdf 950 KB	<a href="#">↓</a>
Annex 2 - Due Diligence Process Flowchart pdf 725 KB	<a href="#">↓</a>
Annex 2 - Due Diligence Procedure Record xlsx 9.02 MB	<a href="#">↓</a>
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- [EUDR Webinar](#)
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- [EUDR Guidance](#)
- [WWF Step by step guide](#)
- [ITC Step by step guide](#)



# Forced Labour Regulation

## Scope of application

This regulation applies to operators who place, make available products on the EU market or export them:

- Economic operator means 'any natural or legal person or association of persons placing or making available products on the Union market or exporting products'.
- Product means 'any item that can be valued in money and is capable, as such, of being the subject of commercial transactions, whether it is extracted, harvested, produced or manufactured'.

**The regulation also applies to online or 'distance' sales.**

## Obligations

Companies should not place or make available on the Union market or export products that are made with forced labour:

- Forced labour means 'forced or compulsory labour as defined in Article 2 of ILO Convention No 29, including forced child labour'.
- The regulation does not create additional due diligence requirements other than those already provided for in other pieces of legislations.

**The Commission publishes guidelines and creates a database of forced labour risks by geographic area at the latest on 14<sup>th</sup> June 2026.**

## Sanctions

National authorities are tasked with supervision:

- They adopt a risk-based approach looking at the scale and severity of the suspected forced labour; the quantity or volume of products, the share of the parts made with forced labour.
- They take corrective action, like preventing the relevant product from being placed or made available on the market or exported; withdrawing or recalling the product; donating or if not possible disposing of the product.

**Penalties for non-compliance will be specified at Member State level.**

## Scope of application

The CS3D applies to companies:

- Established in the EU with + 1000 employees and a net worldwide turnover of +450 000M EUR;
- Established outside of the EU and has generated a net turnover of +450 000M EUR in the union;
- That are the ultimate parent of a group that reaches those thresholds on a consolidated basis;
- That entered into licensing or franchising agreements in the EU and generated +80 000M EUR in the Union.\*

**The directive does not apply to AIF's or UCITS.**

## Obligations

Companies in scope conduct risk-based human rights and environmental due diligence :

- Integrating due diligence in policies and risk management systems
- Identifying and assessing actual or potential adverse impacts;
- Preventing and mitigating potential adverse impacts and bringing actual adverse impacts to an end;
- Providing remediation for actual adverse impacts;
- Establishing a notification mechanism and a complaints procedure.

**Adoption of a transition plan aligned with +1,5° objective.**

## Sanctions

National supervisory authorities (SA) are designated by the Member States and are competent for carrying out investigations and imposing sanctions:

- Investigations are carried out at the own initiative of the SA or as a result of substantiated concerns communicated to it.
- SAs can order the company to cease infringements, refrain from any repetition, where appropriate provide remediation.
- SAs can impose pecuniary penalties and make public statements if companies fail to comply.

**A civil liability regime is created to compensate for damage caused by the company to a legal or natural person**

\* Full definition and criteria in Article 2.1.c and 2.2.c

## Communication

Companies should **communicate** on their due diligence systems.

**To be noted:** Companies that are already subject to the **CSRD reporting** requirements do not have to publish a separate statement.

## Guidance

The Commission will establish a **single Helpdesk** at the EU level through which companies can **seek information, guidance and support** with regards to complying with the CS3D.

## European Single Access Point

From **1st January 2029**, due diligence statements should be made accessible on the ESAP as well.

ESAP is a single access point for accessing information about companies and investment products in the EU. The aim is to give more visibility to companies and their efforts notably in the sustainability space.

The ESAP is expected to start collecting information in **July 2026** and publication of the information will start no later than **July 2027**.

# CBAM

## Objective & Scope

The EU's Carbon Border Adjustment Mechanism (CBAM) and EU Emissions Trading System (ETS) are both aimed at reducing carbon emissions by placing a price on carbon. The revised ETS applies to intra-EU goods, while the CBAM targets goods imported in the EU.

The regulation applies to importers of aluminum, cement, electricity, fertilizer, iron and steel, hydrogen.

Certain imports can be exempted if their value is inferior to 150EUR, or if they originate from countries listed in Annex III, or if they are moved in the context of military activities.

**Omnibus proposal would exempt importers of less than 50 tons per year\*.**

\* Excluding electricity and hydrogen.

## Obligations

Goods can only be imported into the EU by an authorised CBAM declarant. The CBAM declarant must submit a CBAM declaration by 31 May each year. The CBAM declaration contains information on:

- The total quantity of goods imported;
- The total embedded emissions in the goods;
- The total number of CBAM certificates to be surrendered;
- Copies of verification reports, issued by accredited verifiers.

**Find all relevant information for the CBAM in Luxembourg [here](#).**

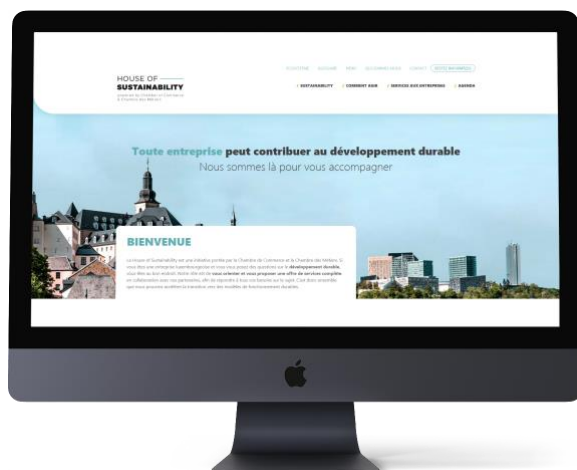
## Sanctions

Member States designate a competent authority to ensure compliance with the CBAM. The Commission will perform risk-based controls on the data recorded in the CBAM registry and reviews CBAM declarations:

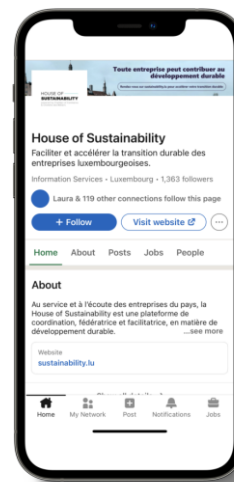
- A pecuniary penalty will be imposed on a CBAM declarant who fails to surrender his CBAM certificates by 31 May of each year.
- A pecuniary penalty will be imposed when a person other than an authorized CBAM declarant imports goods in the EU.
- A pecuniary penalty will be imposed when goods are imported in breach of the CBAM requirements



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