



EU regulation on deforestation (EUDR)

November 2024

Legal regulations to prevent deforestation and forest degradation in the EU

The EU regulation on deforestation (EUDR) came into force in June 2023. The regulation was developed to ensure that products sold in the EU do not contribute to deforestation. The EUDR covers a wide range of commodities and products, including

- soya
- cattle
- oil palm
- wood
- cocoa
- rubber
- coffee

Wooden pallets and wooden crates are also covered by this regulation, unless they are used 'exclusively as packaging material for supporting, protecting or carrying another product placed on the market' (Annex I, EUDR).

The introduction of the EUDR is seen as an important step in the global fight against deforestation. It is intended to help minimise the environmental impact of trade and promote sustainable supply chains.

For companies, however, this also means that they must thoroughly review their supply chains and ensure that their products comply with the new regulations.



Who is affected?

The EUDR distinguishes between the two terms 'market participant' and 'trader'.

- **Market participants** are companies that introduce products or products made from them into the EU market for the first time. This means that they are the first to place these goods in the EU.
- **Traders**, on the other hand, are companies that resell products that are already on the EU market. They do not place these products on the market for the first time, but merely trade them.

Both market participants and traders who do not fall under the SME regulation must fulfil the due diligence obligations described below. SME traders (small and medium-sized enterprises) are exempt from carrying out their own due diligence. However, they must be able to collect information and prove that the traded products are deforestation-free. This includes the collection of information about their suppliers and purchases.

The due diligence obligations of companies

In order to fulfil the requirements of the EUDR, companies must comply with a three-stage due diligence obligation:

- **Information collection:** Companies must collect detailed information about their products including a precise description and the origin of the raw materials using geocoordinates.
- **Risk assessment:** Depending on the country of origin of the raw materials, companies must carry out a risk assessment to ensure that their products do not contribute to deforestation.
- **Risk mitigation:** If deforestation risks are identified during the risk assessment, companies must take measures to minimise these risks,

Implementation deadlines *)

Large companies must fulfil the requirements of the EUDR by December 2024. Smaller companies have a deadline extension of six months and must implement the requirements by mid-2025.



Uncertainties and unanswered questions

One of the open questions concerns the use of wooden pallets. While wooden packaging materials such as pallets and crates that are 'used exclusively as packaging material to support, protect or carry another product placed on the market' are exempt from the regulation (Annex I, EUDR), it is still unclear how this will be handled for standard pallet exchange systems.

GROHE

GROHE uses wooden pallets and wooden crates, which are used exclusively as packaging material. These are exempt from the EUDR (Annex I, EUDR). GROHE also participates in standard pallet exchange systems; it is currently unclear how compliance with the due diligence obligations is regulated.

The GROHE product portfolio itself contains a small amount of wood-based materials. Here, the implementation of the due diligence obligations (information collection, risk assessment, risk minimisation) started already.

As things stand at present, no other raw materials or products are used that fall within the scope of the EUDR.

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*) On 2 October 2024, the European Commission proposed an additional 12-month introduction period and thus a corresponding postponement of the introduction deadlines. If the European Parliament and the Council agree, the regulation would come into force on 30 December 2025 for large companies and on 30 June 2026 for smaller companies. According to information from the European Commission, all implementation tools are technically ready, the additional 12 months could serve as a phase-in period to ensure proper and effective implementation.

