

# EUDR compliance: legality and third-party data

POLICY REPORT | JUNE 2025



## KEY FINDINGS

1. Uncertainty is normal at the start of any new process, and the best way to establish clarity in the EUDR is to move into implementation. During implementation, regulators should adopt a 'responsive' approach, with flexibility and discussion with multiple stakeholders to promote and support compliance and ensure effective regulation.
2. The EUDR is restructuring the information ecosystem for supply chain governance, creating new opportunities for service providers in data management, scientific verification and legal assurance. As this new sector for data-enabled sustainability services develops rapidly, information systems must evolve to ensure greater data consistency and accuracy, link and interpret diverse data sources, and operate reliably at massive scale.
3. Voluntary sustainability standards and certification schemes may be able to assist data collection for compliance processes. However, there is great potential for them to develop new services to advance sustainability practices with and beyond EUDR requirements. The introduction of mandatory rules thus marks a transformation in how existing voluntary third-party schemes function, redefining their activities and focus.
4. Companies' lists of applicable laws – and the associated evidence – could prioritise those most clearly aligned to the EUDR objectives, such as around the legality of land use and related land rights. Broader law categories (e.g. anti-corruption, human rights) could potentially be addressed through risk management processes as these are not specific to commodity production and rely on obtaining proof of criminal activity rather than assembling legal documents.
5. The EUDR should be seen in the context of wider policy initiatives, including on climate, biodiversity, agricultural development, and efforts to strengthen law enforcement in producer countries. The resources and committed actors already engaged in these overlapping initiatives can serve as valuable allies in supporting EUDR compliance.

## Summary

Ahead of the EU Deforestation Regulation (EUDR) becoming fully enforceable, academics and business representatives came together to discuss specific challenges around implementation. Scholars from the University of Sussex Business School and School of Law, Politics and Sociology worked with TRACT, a traceability and sustainability data platform for global agricultural supply chains, and a group of industry stakeholders to explore EUDR requirements for establishing legality of production and the use of third-party data.

## INTRODUCTION

The European Union's Deforestation Regulation (EUDR) aims to minimize the EU's contribution to deforestation and forest degradation worldwide.<sup>1</sup> This is in line with international policy activity to address the urgent global crises of climate change and eco-system collapse. The EUDR requires traceability and due diligence on the supply chains of specific forest risk commodities (FRC)<sup>2</sup> with distinct obligations for companies importing to, exporting from or selling in the EU to manage the environmental impact of agricultural trade.<sup>3</sup>

To comply with this law, companies have had to create new systems and procedures to fulfil the conditions for accessing the EU market; namely, that the specified FRC are deforestation-free, legally produced and covered by a Due Diligence Statement. Since its adoption in mid-2023, the EUDR has prompted dialogue across sectors and borders as all affected stakeholders are learning how to adapt trade to these new conditions. It has also ushered in a new era for advanced digital capability in monitoring land-use, legality and traceability of international trade in FRC.

In this report, we summarise insights from a research workshop that explored the legality requirement in-depth, including the role of third-party data providers. These include existing certification schemes but also innovative new service providers in compliance and assurance. We see these discussions as contributing to the ongoing learning period that is typical of any new process change. In the workshop, participants shared observations to date, as well as insights on where companies, their suppliers and the relevant EU Member States' National Competent Authorities (NCA) tasked with supervising compliance and enforcing the EUDR, still need to build more



understanding as they move into the first year of EUDR application.

### Due diligence on establishing the legality of production

Under the EUDR, access to the EU market is to be restricted for any FRC grown on land deforested since 2020 or produced illegally – i.e. in breach of “*relevant legislation*”, meaning “*laws applicable in the country of production concerning the legal status of the area of production.*”<sup>4</sup> This includes forest-related rules, land-use rights, environmental laws, labour rights, human rights protected under international law, third parties' rights and the principle of Free, Prior and Informed Consent (FPIC), as well as regulations on tax, anti-corruption, customs and trade.<sup>5</sup>

Establishing compliance with the legality requirement entails a two-step process. The first step involves identifying the applicable laws (international, national, regional) in sourcing jurisdictions that need to be complied with. Secondly, once companies establish lists of applicable laws, they need to collect information, documents and data to show they have been complied with.

By taking an open approach to defining relevant legislation, by listing only broad categories and not prescriptive lists, there may be interpretative differences between companies and between NCAs in identifying which laws fall within scope and what type of evidence is sufficient to

<sup>1</sup> Regulation (EU) 2023/1115 on Deforestation-free Products (EUDR), OJ L 150, 9.6.2023, p 206-247. The regulation becomes fully enforceable by EU Member State's National Competent Authorities (NCA) from December 31st 2025.

<sup>2</sup> Soy, palm oil, timber, rubber, coffee, cocoa, cattle and select derived products. See Annex 1 for list of derived products.  
<https://eur-lex.europa.eu/eli/reg/2023/1115/oj/eng>

<sup>3</sup> [https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products\\_en](https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en)



demonstrate compliance. While this flexibility is helpful in accommodating diverse legal systems and production contexts, it also allows for a range of readings regarding the scope of the requirement.

In this regard, it is helpful to consider the Commission Guidance that further interprets ‘relevant legislation’ as laws linked to the EUDR’s main objectives of halting deforestation and forest degradation in the context of the Union’s commitment to address climate change and biodiversity loss. This could mean that a practical approach to identifying applicable laws is to prioritize those that have the clearest link to protecting nature and climate, which may very well include land-use rights and Indigenous people’s rights.

When it comes to addressing other human rights issues in agricultural production (which is important in its own right and required by other laws in many contexts), workshop discussions leaned toward the view that the EUDR’s legality information requirement (article 9.h) was not intended to be the regulatory mechanism to drive this effort. A meaningful way to still ensure respect for rights may be to focus on these issues through the risk assessment and mitigation stages of EUDR due diligence (Articles 10 and 11).

This approach aligns with other EU regulations and the Organisation for Economic Cooperation and Development (OECD) due diligence guidance, opening the possibility for companies to use one due diligence system to meet multiple regulatory requirements. However, the EUDR processes must have a means to link with these other regulatory processes, and some cases may still require specific documentation related to human rights – especially when tied to environmental goals or otherwise specifically mandated by local law.

Ultimately, NCAs determine the scope of the legality requirement, and the interpretation of different NCAs needs to be consistent. Uneven application and enforcement of the Regulation across the different member states can be avoided through aligning the approaches through early and continued collaboration and exchange among the various NCAs and between them and the Commission.

## Clarity on legality will emerge through implementation

EU Commission guidance has clarified many aspects, but in these early stages of implementation strong stakeholder dialogue is needed. NCAs should remain flexible and support companies that can justify their efforts and documentation in good faith. A ‘responsive approach’ to enforcement can adjust to the specific circumstances and capabilities of the relevant actors. This is consistent with a policy goal more focused on promoting compliance than issuing sanctions, and for ensuring clarity when contexts are characterised by complexity, such as those faced by the EUDR.<sup>6</sup>

Enabling communication and exchange of views among relevant stakeholders (i.e. EU Commission, NCAs, business and producing countries) are essential to this responsive ‘learning-by-doing’ approach because of the risk of misinterpretation, including that from

<sup>4</sup> Article 2 (40) EUDR.

<sup>5</sup> See art. 2(40) EUDR. The Commission’s Guidance Document (C/2024/6789) also explains it is legality around the ‘area of production’ only – i.e. laws that ‘specifically impact or influence the legal status of the area in which the commodities were produced’, rather than subsequent transport or processing.



major differences in legal cultures and legal systems. For example, engaging in a process of improving governance may consider a context where a company seeks to verify the land rights of an Indigenous farmer with customary tenure – legitimate and legally possible in many countries – but where no documentation is required by law and therefore there are no maps or verifiable data to support it.

Similarly, a context where a farmer may have legitimate land access yet lacks a formal title technically required by law because the system to obtain it is inaccessible or dysfunctional. Or a country may have strong legal frameworks nationally but absent enforcement locally, there may be technical breaches of laws even if practices are typical. This creates a risk of penalizing farmers by excluding them from the EU market because existing laws are not enforced, or that farmers simply lack documentation.

Instead, a responsive approach, able to consider specific contexts (rather than a prescriptive, one-size-fits-all attitude that is ill-suited to the reality on the ground) means that the policy proceeds by creating processes that can be deployed, and then compliance improved over time in relation to context. Such an approach is clearly seen in some NCAs running pilot schemes with importers to establish greater clarity around effective governance processes, and those governments engaging in bilateral capability building initiatives to advance capabilities for compliance.<sup>7</sup>

The new regulatory pressure from the EU should prompt producer countries to encourage production away from forest-frontier areas and crack down on illegal activity. It may encourage formalization of land-use into clearer bureaucratic systems and seek to improve law enforcement capacity and capability in producer countries. It may also see supply chains shift so that



those exporting to the EU are demonstrably clear of deforestation or illegality. To achieve this, the EU and NCAs could increase discussion and collaboration with relevant authorities in producer countries to better coordinate with their legal and governance systems, helping detect non-compliance with local laws and assist subsequent enforcement. How countries decide to implement wider activities on deforestation and land-use change, outside of FRC exports to the EU, remains a separate but related issue, which is also addressed via a range of other activities, from international policy frameworks and bilateral initiatives to financial flows and investments in one region or another.

### **The changing role of third-party service providers**

The role of third-party data providers and their relationship with the EUDR was the second main topic of discussion. As companies develop their due diligence processes, the role of additional sources of information are coming to the fore. Among these are existing third-party sustainability certification and verification schemes. While the EUDR clearly states that using these cannot substitute a company's due diligence responsibility, such schemes provide some auditing of provenance and legality.

However, how easily these can export their information to satisfy EUDR due diligence can

---

<sup>6</sup> Ayres, I., & Braithwaite, J. (1992). *Responsive Regulation: Transcending the Deregulation Debate*. Oxford University Press, Oxford, UK.

<sup>7</sup> Such as the Forest and Climate Leaders Partnership with France, Ghana, Congo, Colombia, Germany, or producer-country initiatives such as in Vietnam or Tanzania, preparing smallholders to be compliant to secure EU market access.



be varied; not only is the format or accessibility of the data important, but liability issues mean that certification schemes may be subject to additional independent assurance processes as part of risk management. Bespoke systems may be needed, either developed by the certification providers, by new service providers or by companies themselves.

New sources of robust, legally valid third-party data, including innovative solutions, may assume greater roles if they help better establish an evidence base for compliance. The EUDR encourages this growth of new service providers, with clause 10a for instance pointing to using scientific sources of verification data, stating, “*operators should consider...use of...chemical...analysis to verify information on product or supply chain traceability.*” This opens the door to a growing economic sector for novel supply chain traceability and compliance services such as those using chemical isotopes to verify place of production.<sup>8</sup>

Other providers of services in due diligence, compliance and assurance advisory will thus form a new ‘eco-system’ of organizations able to meet the specific contexts of any given FRC supply chain. These third-parties might include local legal or civil society organizations to help identify local laws, whether farms have been in breach, and assess the quality of provided documents. Some participants also thought certification mechanisms may help coordinate this work, given existing work on-the-ground assessing

compliance with their own standards. There may also be opportunities for marketizing compliance data, integrating with yield data analysis, development funds, carbon and biodiversity credit schemes, or other opportunities to emerge in the future.

Consolidating different layers of evidence may thus help argue proof of compliance, including on-the-ground audits and community engagement, chemical traceability, Earth observation satellite data, and reported yield and shipment data. The need to combine, link, and contextualize diverse sets of data is driving demand for greater interoperability and scalability of data systems. This demand in turn is already prompting a new level of engagement from the technology sector, with the fast-growth of companies and initiatives dedicated to advancing data alignment and scalable solutions.

A further opportunity is then how existing voluntary certification standards might adapt their offerings, either to support EUDR compliance, team up with new technology and/or pioneer new areas. One example is the Roundtable for Sustainable Palm Oil (RSPO) now providing policy-advisory services to governments such as Ecuador, helping their national systems become compatible with the requirements of the EUDR.<sup>9</sup> This would represent a capacity building exercise at government level to secure EU market access for Ecuadorian FRC. Data integration within and between countries, improvement of land ownership registry systems, or development of broader risk management systems may thus advance rapidly.

As the EUDR raises the baseline for deforestation-free and legal production, certification schemes may also shift focus to sustainability issues not yet regulated or fully addressed in many schemes, such as land-use conversion of habitats other than forests, improving soil health, farmer income, or climate resilience. This reflects a common

<sup>8</sup> Techniques currently in use include SIRA, ICP-MS, ICP-OS, XRF. See [www.worldforestdid.org](http://www.worldforestdid.org)

<sup>9</sup> <https://rspo.org/ecuador-reaches-a-new-milestone-on-its-path-to-rspo-jurisdictional-certification/>

pattern across sectors, where voluntary standards develop new issues that later become formalised by regulation.

## The future trajectory

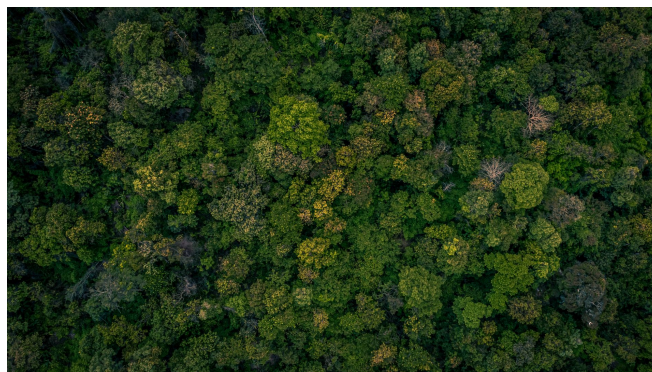
In the short-term, operators are constructing information systems for collecting and consolidating data from farm plot to point of export and integrating with documents to demonstrate legality (together with the evidence of deforestation-free production).

Over the medium term, processes for ensuring legal compliance will become formalized and supply chains to the EU should restructure away from areas of post-2020 deforestation or with any risk of illegality in their production.

In this time, the processes for compliance should become more established by NCAs setting precedence through decisions and based on any eventual court rulings that are the only mechanism for actually confirming legality. Likewise, international policies on data rights and privacy may establish rules for sharing data and documentation and the nature of secure platforms and proprietary data (such as used by traders) versus open data, will be clearer. Data accuracy should improve and aggregating data for EUDR compliance can significantly improve the quality of companies' wider sustainability and impact reporting.

For now, during this transition phase and initial implementation, there is an opportunity for all parties to shape this new governance regime that is shared by public and private sector actors; one that places greater responsibility on companies to help deliver outcomes that states have struggled to achieve alone.

The OECD principles on due diligence, and the UN General Principles on business and



human rights, underline that partnership with business is key to addressing major challenges. This identifies a point of principle, that companies sourcing from distant locations, may have greater knowledge and insight into practices in their supply chains than regulators, and should be working with them to eliminate illegal practices. Companies are therefore well positioned to help shape norms, define good practice, and demonstrate what credible, risk-based due diligence can look like.

It is therefore a shared responsibility of all parties, both the regulators (NCAs) and the regulated (FRC operators) to develop the EUDR into an effective policy to contribute to the objectives it claims to seek - cutting the environmental harm of deforestation and improving legal compliance in producer countries including on relevant social issues.

The EUDR should also not be regarded in isolation from the wider policy context. This includes the direction of travel set by international voluntary initiatives such as the UN Framework Convention on Climate Change (UNFCCC) and UN Convention on Biodiversity (CBD); under which international climate finance and biodiversity credit schemes may shape investments, and subsequent national laws may align with their targets. The UNFCCC Glasgow Leaders' Declaration on Forests and Land Use, for instance, pledges an end to deforestation and related goals by 2030, which may drive harmonization of regulations internationally – the EUDR being a first





example.<sup>10</sup> Furthermore, the UN Sustainable Development Goals (SDGs), which were developed to include businesses as vital delivery partners, also say to halt deforestation and degradation by 2030 (SDG 15.2) plus secure tenure rights with legally recognized documentation (1.4.2), increase capacity building to promote the rule of law (16.3), address organized crime (16.4) and reduce corruption and bribery (16.5). Such additional public policy frameworks and related activities could thus assist in meeting the legality and deforestation goals of the EUDR. Companies can look to the organisations and government departments working toward these goals and help align their efforts in ways that also strengthen EUDR compliance.

We may thus see this wider context of other relevant policies, third-party services and the detailed shipment-level data generated by EUDR due diligence as shaping development of a new international data eco-system for sustainable supply chain management.

## CONCLUSIONS

Any new process involves a period of uncertainty and teething problems while the requirements are understood. In the early phase, one of the most practical steps companies can take is to clearly document and justify their decisions and engage constructively with NCAs in line with the principles of responsive regulation.

NCAs should acknowledge that if companies have good-will in seeking to comply with the regulation then examples of non-compliance can be identified as opportunities to improve performance rather than as grounds to prosecute (which should be reserved for those that are seeking to refute rather than comply with the objectives of the policy).

Companies should also be more vocal in developing solutions and not just challenges, and pro-active in proposing a vision of what would work to meet the EUDR objectives. The vision of the future success of this policy is one where data is available in a format that is readily transferrable, trusted, and efficient to produce, understand and share. Various country-led and company-led initiatives have prepared producers for compliance. Third-party data providers are developing capacities to improve compliance monitoring, and the technology sector is growing in this space to advance scalable and interoperable data systems as part of a new economy of sustainable assurance and value creation.

The future is thus fast-arriving for a data-enabled, streamlined approach to making progress on sustainability goals while reducing the burden of reporting. This is revealing opportunities for cost savings, improved risk management and further value creation in a dynamic fashion to meet the realities of a rapidly changing world.

<sup>10</sup> The UK's 2021 Environment Act (passed in 2023) empowers the Government to issue fines against companies in relation to insufficient due diligence regarding illegal production of forest risk commodities, but the secondary legislation to outline the basis of compliance has not yet been initiated (as of June 2025). EU/UK trade talks may influence the extent to which the UK FRC policy diverges or converges with that of the EUDR.

## Acknowledgements

This work was supported by the Sussex Sustainability Research Programme. The report was written by Anthony Alexander, Sarah Rawson and Emanuela Orlando, and can be cited as: “Alexander, A., Rawson, S., and Orlando, E. (2025) EUDR compliance: legality and third-party data, Sussex Sustainability Research Programme Policy report, June 2025, University of Sussex, UK <https://www.sussex.ac.uk/webteam/gateway/file.php?name=eudr-compliance-policy-report.pdf&site=18>.

The authors would like to thank the following participants for sharing insights in this workshop: Jaco Buurman, Dr. Luis Carrasco, Melinda Cser, Dr. Antoine Duval, Dr. Klaas Eller, Annamaria Grassi, Peter Hofland, Sandra Kraaij, Floris Leijten, Nancy Lindenhovius, Sharif Matar, Payel Mukherjee, Erika Seidenbusch, and Ana Yaluff. Image source: Canva Pro stock library.

For further information please contact [Anthony.Alexander@sussex.ac.uk](mailto:Anthony.Alexander@sussex.ac.uk) (Associate Professor of Operations Management, University of Sussex Business School, Department of Management) or [srawson@tract.eco](mailto:srawson@tract.eco) (Director of Sustainability, TRACT).

**Disclaimer:** This report is intended for informational purposes only and presents a compilation of discussions, opinions, and perspectives shared during the workshop. The information provided herein is general in nature and may not be applicable to specific situations. Furthermore, this report does not reflect or represent any official policy, stance, or position of the University of Sussex or that of TRACT. It does not constitute legal or professional advice of any kind, and reliance upon its content for making decisions is at your own discretion. We strongly advise consulting with a qualified professional for advice tailored to your specific circumstances.