

EUDR in Procurement: Mastering Compliance and Sourcing Risks for Raw Materials

The EUDR (EU Deforestation Regulation, Regulation (EU) 2023/1115) obliges companies to demonstrate that certain raw materials and products derived from them do not contribute to deforestation or forest degradation. This creates a new due diligence obligation for procurement along the entire supply chain. Buyers must document geo-coordinates, proof of origin and risk assessments before goods are placed on the EU market. Those who anchor the requirements early in supplier selection, contracts and processes avoid supply failures, penalties and reputational damage.

Key facts

- The EUDR applies to raw materials such as cattle, cocoa, coffee, oil palm, soy, wood and rubber, as well as products derived from them, including typical industrial inputs such as rubber products and wood goods.
- Companies must submit a due diligence statement before affected goods are placed on the EU market or exported from the EU.
- Mandatory evidence includes, among other things, geo-coordinates of the cultivation or harvest areas and proof of legality in the country of production.
- A risk-based approach applies: depending on the risk classification of the country of origin, simplified or full checks are required.
- In practice, violations can result in substantial fines, confiscation of goods and exclusion from public contracts; responsibility lies with the national authorities.
- Procurement should integrate EUDR requirements into supplier contracts, vendor onboarding and goods receipt inspection before first instances of affected goods occur.

Definition: EUDR in Procurement

The EUDR is an EU Regulation prohibiting the placing on the market of products produced on deforested or degraded land. In procurement, the term refers to the totality of sourcing measures with which companies operationally meet these evidence obligations.

What the Regulation covers

The EUDR prohibits the placing on the market, export and trade of relevant raw materials and products unless they originate from land that was deforested after a cut-off date or were produced in breach of local laws. In addition to agricultural commodities, wood products and rubber are affected, which is directly relevant for suppliers from the tyre, sealing and packaging industries. The Regulation applies regardless of whether deforestation occurs domestically or abroad. What matters is the product reference, not turnover or the size of the purchase volume.

Delineation from other supply chain laws

Unlike reporting-oriented sustainability rules, the EUDR focuses on the product itself and its proof of origin. It overlaps partly with requirements from supply chain due diligence laws and the CSRD, but takes a stricter approach: without a compliant due diligence statement, the goods may not be sold. Buyers should not view the rules in isolation but embed them in an overarching compliance strategy. Aligning them with the terms and conditions and quality management is sensible to avoid duplicate checks.

Who within the company is affected

Those affected are market participants and traders, i.e. importers and manufacturers as well as intermediaries. Small companies benefit from simplified obligations in some respects but bear the same responsibility not to place non-compliant goods on the market. In procurement this typically affects categories such as elastomers, packaging, wood components, paper ranges and coffee or tea assortments for promotional items. A systematic review of the entire material master is the first step of the impact analysis.

Obligations and evidence requirements for buyers

The core of the EUDR is the due diligence obligation: companies must collect information, assess risks and, where necessary, mitigate them before placing goods on the market. Procurement plays a key role here, as the data originates primarily with suppliers.

Information obligations and geo-data

Mandatory information includes an accurate commodity code, a description of the goods, the country of origin and geo-coordinates of the plots on which the raw material was produced. For bulk goods such as rubber or soy, this means that plot data must be traced back to primary production. In practice, first-tier suppliers or traders often carry out the data collection, but responsibility remains with the company submitting the due diligence statement. Buyers should therefore contractually specify which data suppliers must provide and in what format.

Due diligence statement and reference number

Before customs clearance or placing on the market, a due diligence statement must be submitted via the EU information system. The system issues a reference number that can be passed along the supply chain and must be presented at customs inspections. In practice, buyers should design the process so that reference numbers are documented in the ERP or inventory system at item and batch level. Otherwise, evidence gaps may arise during audits, leading to delays in the process or detention of the goods.

Legal classification

The specific deadlines, transition rules and exceptions for small producers and small companies change depending on the legislative status; an amendment may shift deadlines or adjust details. Buyers should check the current status regularly and clarify legal questions with the legal department or external advisers. Blanket statements to suppliers that create claims or liability gaps should be avoided. Instead, binding EUDR clauses should be systematically incorporated into supplier contracts and the review of terms and conditions.

Methods and approach: anchoring the EUDR in the procurement process

A structured roll-out of EUDR requirements follows the pattern of other compliance projects: impact analysis, supplier survey, contract adaptation and process integration. Procurement should reuse existing instruments in the process.

Impact analysis in the material master

First, it is clarified which items and commodity codes fall within the scope. Supplier segmentation using the Supplier Segmentation Matrix helps identify critical suppliers for whom origin data must be fully available. For highly critical commodity groups, a dedicated category strategy with EUDR-specific requirements is recommended, such as defined countries of origin or certified raw materials. Even during the initial sample submission (EMPB) of new parts, origin data can be required as a fixed component of the sample documentation.

Risk assessment and supplier selection

The EUDR requires a risk assessment that takes account of country risks, supply chain complexity and the risk of mixing with non-compliant goods. Buyers can integrate this logic into credit checks and vendor onboarding: when qualifying new suppliers, EUDR relevance, origin structures and evidence capability are captured in the same process. In addition, risk diversification can reduce dependence on high-risk origins. In tenders with a two-envelope bid, EUDR capability can be considered as an evaluation criterion in the technical part of the bid evaluation.

Contracts, clauses and operational processes

Supplier contracts should contain commitments to compliance, disclosure and cooperation duties, data format specifications and recourse rights. As with an exchange rate clause: the more precise the provision, the lower the potential for disputes in the event of damage. The EUDR check belongs in the operational process before order release or at the latest at goods receipt, supplemented by spot checks of the reference numbers provided. Those planning with safety time buffers should allow additional inspection time for EUDR documentation, as data collection from first-tier suppliers often takes longer than expected.

Key KPIs for steering EUDR compliance

EUDR compliance can be measured. Established KPIs from supplier and quality management can be transferred to demonstrating origin compliance and integrated into supplier performance evaluation.

Data coverage and completeness rate

The most important metric is the share of EUDR-relevant order volumes for which complete and valid data records are available, including geo-coordinates and reference number. In practice, this rate is often well below 100 per cent at the start of a project; it should be gradually increased towards completeness. It is also useful to track the share of suppliers that deliver data records in the agreed quality, measured via the hit rate of plausible geo-data.

Process and procurement KPIs

Also relevant are the average time from requesting origin data to complete data receipt and the share of deliveries with EUDR-related delays at goods receipt. Anyone already managing KPIs such as

dock-to-stock can map the EUDR check as a separate station in the process and measure its lead time separately. The number of official queries or detentions is also an early indicator of process gaps and should be documented.

KPIs in supplier evaluations

At supplier level, a dedicated EUDR scorecard within supplier performance evaluation is recommended: data quality, responsiveness to queries and completeness of due diligence statements. This channels compliance performance directly into follow-up orders and price negotiations in the award process. Those pursuing Science Based Targets can additionally use EUDR data for emissions and forest protection reporting, as the origin data can be used twice.

Risks and controls in procurement

The biggest EUDR risks are data gaps in deep supply chains, delivery delays due to missing evidence and fines for violations. Countermeasures can be taken with clear control points and documented processes.

Supply chain risks and data gaps

The most common stumbling block is traceability back to the cultivation plot, especially for raw materials via chains of traders or trading platforms. Aggregator structures make it difficult to collect plot data consistently, and for bulk goods there is a risk of mixing compliant and non-compliant batches. Buyers should source high-risk categories preferably from suppliers with direct producer links and have origin details checked for every batch. A material availability check (ATP) should consider EUDR documentation as an availability criterion in order to detect schedule shifts early.

Controls and internal safeguards

Essential controls are: complete documentation in the material master, batch-level linkage of reference numbers, four-eyes review at initial releases and regular spot checks at goods receipt. A formal goods receipt inspection should verify whether the attached evidence matches the scope of delivery. In the event of official objections, a cleanly documented settlement process helps; responsibilities and communication paths are defined in advance. Return shipments of non-compliant goods to the supplier should be contractually provided for, including cost coverage.

Financial and contractual safeguards

In addition to fines, goods detentions and lost contribution margins threaten if goods may not be sold. Penalty clauses, damages clauses and, for system suppliers, a parent company guarantee can strengthen recourse options. For longer-term raw material contracts, price risks from EUDR-compliant sourcing should be realistically factored in; compliant quality can in practice lead to price premiums. Price negotiations should therefore address not only prices but also evidence quality.

Current developments and outlook

Implementation guidance, deadlines and system adaptations of the EUDR are being continuously developed. Buyers should actively track the status and keep their processes dynamic.

Deadlines and transition provisions

The original application deadlines have been postponed several times in the legislative process; details

may be adjusted by an amendment. Large and small market participants have partly different transition periods. Buyers should therefore maintain an internal roadmap with milestones and link it to official announcements. Structured roll-out management with clear responsibilities and status reports prevents deadline surprises from turning into supply problems.

Technical tools and digitalisation

Geo-data checks, satellite imagery analysis and supply chain transparency platforms are growing; more and more suppliers offer standardised data records. For buyers, an early definition of the data format is worthwhile to avoid media discontinuities. Linking to the ERP or a quality management system reduces manual effort. However, the basis remains the contractual obligation of suppliers to deliver data — software does not replace delivered data.

Strategic significance for procurement

The EUDR is a prime example of regulatorily driven procurement requirements, with similar patterns expected for other raw materials. Companies that systematically build origin transparency also gain a head start for future evidence obligations. The data can also be used for sustainability reporting and customer claims. Those who act early turn a compliance obligation into a competitive advantage.

Typical metrics

EUDR data coverage: > 95 % of relevant order volume

Share of purchase orders with complete origin data including geo-coordinates

Data quality rate: > 98 %

Share of valid, plausible geo-data per supplier

Lead time for evidence collection: typically 2–6 weeks

From the request to complete data receipt from the supplier

EUDR-related goods receipt delays: < 2 %

Share of affected receipts delayed due to missing evidence

Practical example

A mid-sized manufacturer of technical rubber and sealing products identifies several rubber items as EUDR-relevant in an impact analysis. Traceability back to the plantation is not ensured via the existing trading suppliers.

- Recording the EUDR status of all relevant commodity codes and suppliers in the material master
- Adapting purchasing terms and supplier contracts with EUDR clauses including disclosure and recourse obligations
- Switching critical commodity groups to suppliers with direct producer links and validated geo-data
- Integrating the EUDR check into goods receipt and supplier evaluation including KPI reporting

Conclusion

The EUDR shifts evidence obligations into procurement and makes origin transparency a hard market access requirement for the EU. Buyers should now analyse affected items, adapt supplier contracts and integrate checks into ordering and goods receipt processes. Measurable KPIs and clear supplier segmentation make the obligations manageable. Those who systematically build origin data also reduce

risks from future sustainability regulations. Early action protects against fines, supply failures and reputational losses — and creates a lasting competitive advantage.

Frequently asked questions

Which products are covered by the EUDR?

The EUDR applies to cattle, cocoa, coffee, oil palm, soy, wood and rubber, as well as products derived from them that are listed in the Annexes of the Regulation. For industrial buyers, rubber products, wood goods, packaging and paper are particularly relevant. The decisive factor is the commodity code (customs tariff number) of the item. A review of your own material master data is the first step.

What exactly must procurement demonstrate under the EUDR?

Procurement must ensure that, for every affected delivery, the country of origin, geo-coordinates of the producer plots and proof of legality are available. Building on this, a risk assessment is carried out and a due diligence statement with a reference number is submitted. The evidence must be traceable to the product and the batch. The data is normally provided by the supplier, but responsibility remains with the company.

When exactly do the EUDR deadlines apply?

The application deadlines have been postponed several times during the legislative process and may be adjusted through further amendments. Large and small companies have partly different transition periods. Only the current official EU texts and announcements provide definitive information. Companies should maintain an internal roadmap with buffers and review the status regularly.

What penalties apply for EUDR violations?

Member states set the sanctions; typically they include substantial fines that can be proportional to turnover, as well as confiscation of the affected goods and revenues. Temporary exclusion from public procurement and public funding is also possible. In addition, reputational damage with customers looms. Penalty clauses and recourse claims against suppliers should therefore be contractually secured.

How should a mid-sized company prepare for the EUDR?

A four-stage approach is recommended: impact analysis of the material master, supplier survey and data collection, adaptation of contracts and terms and conditions, and integration of the checks into ordering and goods receipt processes. In parallel, responsibilities and KPIs should be defined. Early supplier conversations reduce the risk of delivery delays at the deadline.