

Sustainable supply chains – what's coming next?



The UK and EU regimes around sustainability in the supply chain have, so far, mirrored each other closely. The EU's Illegal Timber Regulations have been assimilated into UK law by virtue of the GB Illegal Timber Regulations. Both regulations aim to prevent illegal deforestation in relation to timber based products in the EU supply chain, by:

- prohibiting the use of illegally harvested timber; and
- imposing due diligence and reporting requirements on a business's supply chain.

Both sets of regulations apply to operators (being those who first bring the product in question into the EU or UK), and also to traders (being those who use those products as part of their commercial activities in those jurisdictions).

In the EU, that regime will shortly be strengthened with the adoption of the EU Deforestation-free Products Regulations (ERDPR). The ERDPR will take effect on 31 December 2024 (with a slightly later adoption date for small and micro businesses of June 2025) and aims to prevent deforestation for agricultural use. The scope of the ERDPR is considerably wider than the Illegal Timber Regulations and will apply (in addition to timber and existing timber based products) to products sold in the EU containing, fed with or made using cattle, cacao, coffee, palm oil, rubber and soya.

The UK has indicated it will follow suit, with the framework for its 'Forest Risk Commodities Scheme' set out in a schedule to the Environment Act 2021. However, secondary legislation is required to bring this into effect and there recent political turmoil means a date for adoption is yet to be announced. But we know it is coming, and for those supplying products which include or rely on the list of commodities set out above into the EU, they will need to ensure they are able to provide the requisite information when requested to do so or risk losing trade.



These rules supplement a range of existing supply chain regulations in the EU and UK and reflect an ongoing trend towards transparency in business. That trend will be reinforced further when the EU announces a commencement date for the Corporate Sustainability Due Diligence Directive (or CSDDD). The CSDDD will only apply directly to larger businesses – what constitutes a large business is a little complex but broadly includes those operating in the EU with a net turnover in excess of €450m. Those caught which will be obliged to identify and report on adverse human rights and environmental issues in their business, their subsidiaries and across their supply chains. While the rules will not apply directly to businesses below the threshold, it is anticipated that any many others will caught indirectly by virtue of the fact they supply to those within the regime.

With commencement dates yet and details of the UK regulations still to be announced, the best advice is to plan ahead and take steps to minimize or mitigate risks in your supply chain now so the transition into a regulated environment is easier to navigate.

Contact our expert [ESG team](#) if you have further questions or need advice on this topic.



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