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Supply Chain Due Diligence: An Overview of Key Developments in the EU in 2024 and Areas to Watch in 2025

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01. About The Author



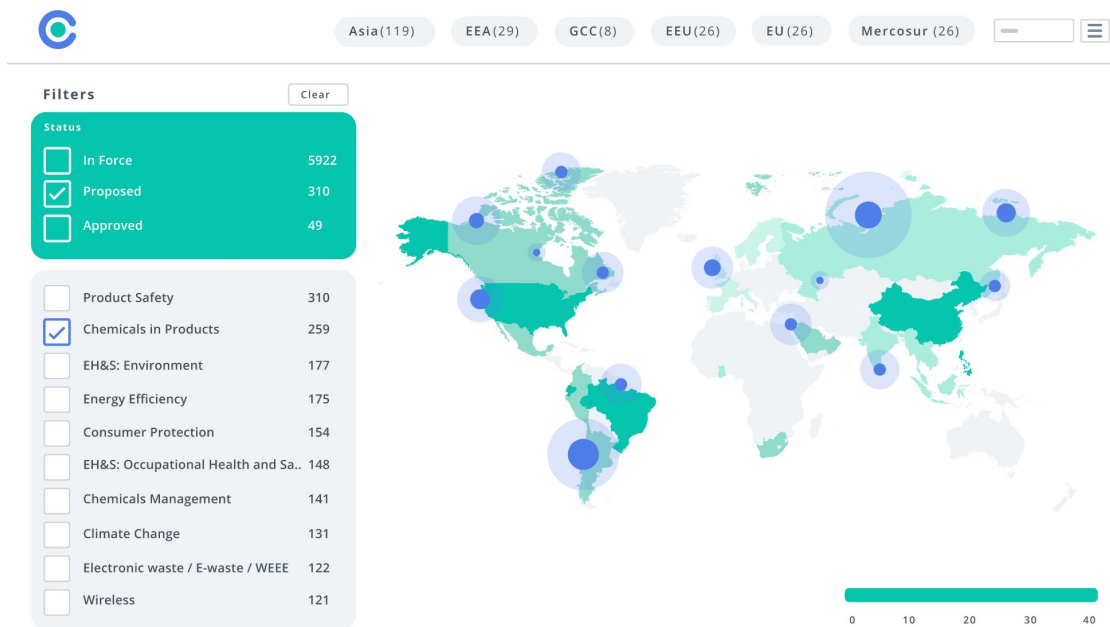
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Joanne heads up the Global Regulatory Compliance team at Compliance & Risks (C&R) where she leads a team of international regulatory consultants in the EU and US. She qualified as a Solicitor in Ireland in 2003 and has extensive national and international legal experience. Prior to joining C&R in 2011, Joanne worked as a lawyer with the United Nations in Geneva as well as one of Ireland's top-tier law firms. Joanne supports C&R's clients with their global legal compliance challenges and has a particular focus on and interest in Sustainability, ESG, Climate Change, Forced Labor, and Human Rights.

Joanne has a Bachelor of Arts (Legal and French) and a Bachelor of Law (LLB) from the National University of Ireland, Galway, Ireland and a Masters in International law from the Graduate Institute of International and Development Studies, Geneva, Switzerland. She also has a Masters in French from the University of Limerick, Ireland and was recently awarded a Graduate diploma in Business and Human Rights from the University of Bergen, Norway. In November 2024, she was shortlisted as ESG Leader of the Year by the Irish Business Post.

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03. Introduction

2024 has been a pivotal year for supply chain due diligence in the European Union, with several key developments shaping the regulatory landscape.

This whitepaper will give an overview of the most significant regulatory changes that took place and also highlight some key areas and compliance deadlines to watch out for in 2025.

It covers:

- EU Corporate Sustainability Due Diligence Directive (EU) 2024/1760 (CSDDD)
- EU Deforestation Regulation (EU) 2023/1115 (EUDR)
- Prohibiting Products Made with Forced Labour Regulation (EU) 2024/3015
- Batteries and Waste Batteries Regulation (EU) 2023/1542
- Areas to watch in 2025



04. EU Corporate Sustainability Due Diligence Directive (EU) 2024/1760

The [CSDDD](#), a cornerstone of the EU's sustainability efforts, was published in the Official Journal of the European Union on **5 July 2024** and entered into force 20 days later on **25 July 2024**.

This directive introduces mandatory human rights and environmental due diligence requirements for large companies operating in the EU.

The due diligence process set out in the Directive is based on the six steps defined by the [OECD Guidance for Responsible Business Conduct](#) as follows:

- Integration of due diligence into policies and management systems;
- Identification and assessment of adverse human rights and environmental impacts;
- Prevention, cessation or minimization of actual and potential adverse human rights and environmental impacts;
- Monitoring and assessment of the effectiveness of measures;
- Communication; and
- Provision of remediation.

The Directive is being implemented on a phased basis for the following types of companies:

26 July 2027

- EU-based companies with more than 5000 employees and net worldwide turnover of in excess of EUR 1.5 billion in the last financial year (including parent companies) for financial years starting on or after 1 January 2028
- Non-EU companies that generate a net turnover in excess of EUR 1.5 billion in the EU in the last financial year for financial years starting on or after 1 January 2028

26 July 2028

- EU-based companies with more than 3000 employees and net worldwide turnover in excess of EUR 900 million (including parent companies) in the last financial year (except Article 16) for financial years starting on or after 1 January 2029
- Non-EU companies that generate a net turnover in excess of EUR 900 million in the EU in the last financial year for financial years starting on or after 1 January 2029

26 July 2029

- For all companies > 1000 employees and turnover > EUR 450 million in previous financial year (including parent companies) (except Article 16) for financial years starting on or after 1 January 2029

Companies in scope must publish an annual statement on their website on the matters covered by the Directive. From **1 January 2029**, companies must also provide a statement to the relevant collection body for making this information accessible to the European single access point (ESAP).

The Directive also introduces civil liability for companies that violate due diligence obligations, with potential fines of up to 5% of global net turnover.

Whilst the Directive does not need to be transposed by EU Member States until **26 July 2026**, with the first round of obligations kicking in on **26 July 2027**, companies should begin preparing now as the scoping, planning, and implementation of the necessary due diligence processes will be complex.

4.1. Areas to watch in 2025

EU Implementations and 'gold-plating'

In 2025, EU member states will most likely start to consult on proposed implementations of the CSDDD ahead of the **26 July 2026** transposition deadline.

- The Netherlands is already ahead of the curve in this regard and is the first - and currently the only - EU country to have published their [draft implementing measures](#) on **18 November 2024**.
- The Swedish government also just announced on **13 December 2024** that it has appointed an independent investigator to assess how the CSDDD should be transposed into Swedish law highlighting that the starting point for the assessment is that the CSDDD should be transposed at a minimum level into Swedish law.
- As the CSDDD notes, EU member states are free to adopt provisions that are "more stringent" or "more specific" than those set out in the Directive so it is imperative that companies operating in the EU stay on top of these implementations and are aware of any 'gold plating' by member states whereby they go above and beyond the minimum requirements set out in the CSDDD.

Simplification

Ursula von der Leyen's [announcement](#) on **27 November 2024** regarding the EU Commission's plan to introduce an Omnibus Simplification Package as early as **February 2025** which would streamline the CSDDD along with the [Corporate Sustainability Reporting Directive \(CSRD\)](#) and [EU Taxonomy](#) may result in some countries delaying implementation of the CSDDD until these measures have been finalized.

- Some commentators believe that the proposed Omnibus regulation may trigger a legislative process that could reopen negotiations on the intent of these regulations, triggering further uncertainty and confusion in the process. Watch this space!

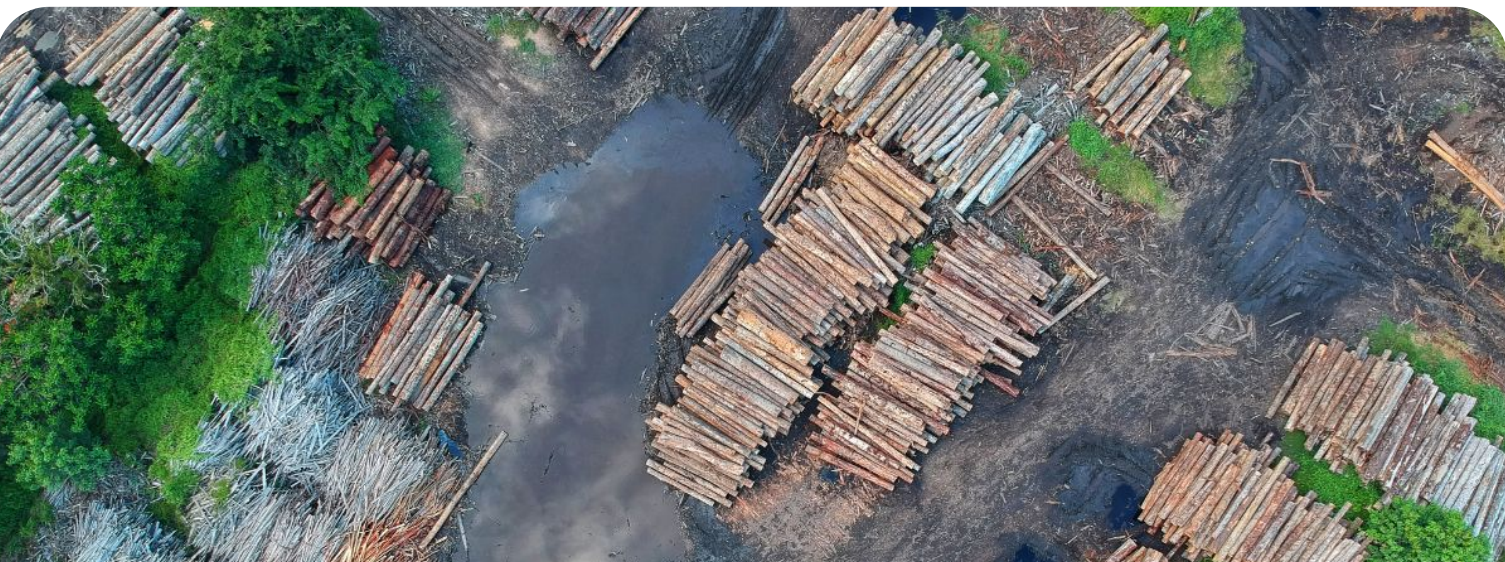


Harmonization

Several EU member states had already enacted their own national due diligence measures before the entry into force of the CSDDD (e.g. the [German Supply Chain Due Diligence Act](#), the [French Duty of Vigilance Law](#), the [Dutch Child Labor Due Diligence Act](#)).

2025 may see some of these countries reviewing, amending and potentially repealing their national measures in order to ensure that their legislation meets or exceeds the standards set by the EU directive.

- In Germany, for example, a proposal to repeal the Supply Chain Due Diligence Act made by the Conservative party on **11 June 2024** was subsequently rejected by the German Parliament on **17 October 2024** but nonetheless illustrates the potential wave of EU national measures that will be subject to scrutiny in this area in 2025 and 2026.



05. EU Deforestation Regulation (EU) 2023/1115 (EUDR)

The [EUDR](#) is another pivotal piece of legislation which, whilst already in force since **29 June 2023**, underwent much discussion and changes in 2024.

Under the Regulation, any operator or trader who places certain specified commodities such as cattle, wood, cocoa, soy, palm oil, coffee, rubber, and some of their derived products, such as leather, chocolate, tyres, or furniture on the EU market, or exports from it, must:

- Prove that the products do not originate from recently deforested land;
- Demonstrate that the products have not have contributed to forest degradation; and
- Ensure that the products are covered by a due diligence statement.

The due diligence obligations that operators and non-SME traders must comply with include:

- The collection of information, data and documents needed to fulfill the above requirements;
- Risk assessment measures;
- Risk mitigation measures.

The information and data that must be gathered as part of the due diligence process includes:

- Detailed description of the relevant products;
- The country of production;
- The geolocation of all plots of land where the relevant commodities that the relevant product contains, or has been made using, were produced;
- Information about the supplier(s); and
- Adequately conclusive and verifiable information that the relevant commodities have been produced in accordance with the relevant legislation of the country of production.

An [FAQ document](#) was published by the EU Commission on **2 October 2024** setting out questions and answers in relation to the implementation of the Regulation. The document is divided thematically into several sections covering areas including traceability, due diligence and timelines.

In addition, on **13 November 2024**, the EU Commission published a [guidance document](#) which contains useful reference material for companies who must comply with the EUDR including information on the obligations of operators to exercise due diligence prior to placing relevant products on the market or exporting them.

The biggest talking point with regard to the EUDR in 2024 centered around the application date of **30 December 2024**. On **4 December 2024**, after much political pressure from several EU and non-EU countries as well as traders and operators, a provisional agreement was reached between the European Parliament and the Council on the Commission's [proposal](#) to postpone that application date by 12 months. As of the time of writing this paper, the proposal has not yet been finalized. Once adopted, this proposal would make the law applicable on **30 December 2025** for large and medium companies and **30 June 2026** for micro and small enterprises. The goal of providing this additional 12 month period is to provide legal certainty and sufficient time for the effective implementation of the rules, including fully establishing due diligence systems that cover all relevant commodities and products.

5.1. Areas to watch in 2025

Deferred Application

The EUDR will most likely come into full effect on **30 December 2025** thereby giving companies an additional 12 months to comply with the strict due diligence obligations contained therein.

- This deferred application allows for a more manageable transition to the new regulatory framework, balancing the urgent need to address deforestation with the practical challenges faced by businesses in implementing comprehensive due diligence processes.

Certification

The regulation, once fully in force, is likely to result in an increased demand for certified deforestation-free products from 2025 onwards.

- It is worth noting, however, that whilst certifications serve as important supporting tools to help companies meet their due diligence obligations, they do not exempt companies from compliance with these obligations.

Global Impact

As companies adapt to meet the requirements of the EUDR across their supply chain, these higher standards are likely to be applied across their global operations, raising the bar worldwide.

- The EUDR is likely to reshape global supply chains for deforestation-linked commodities over the next decade, affecting major producers in Asia, Latin America, and Africa.



06. Prohibiting Products Made with Forced Labour Regulation (EU) 2024/3015

On **12 December 2024**, just at the time of writing of this paper, the EU Council finally published its long-awaited landmark [regulation](#) banning products made with forced labor from the Union market.

This regulation, which will apply from **14 December 2027**, targets both the sale and export of goods produced through forced labor and marks a significant step toward enhancing corporate accountability and value chain transparency. Whilst the Regulation does not apply until **14 December 2027**, businesses are advised to start preparing now.

The Regulation does not impose specific due diligence obligations on companies per se but it does strongly encourage them to implement thorough due diligence processes in order to lower the risk of economic operators having forced labor in their operations and supply chains. As a result, companies are expected to establish appropriate systems to identify and address actual and potential risks of forced labor in their supply chains.

Key aspects of due diligence under the Regulation include:

- Risk assessment: Companies should consider their business context, including country, industry type, and business partners.
- Information gathering: During investigations by the competent authorities of each EU member state, companies will be required to provide information on actions taken to identify, prevent, mitigate, or eliminate forced labor risks in their operations and supply chains.

'Due diligence in relation to forced labor' is specifically defined in the Regulation as "efforts by economic operators to implement mandatory requirements, voluntary guidelines, recommendations or practices to identify, prevent, mitigate or bring to an end the use of forced labor with respect to products that are to be placed or to be made available on the Union market or to be exported."

Investigations will generally only be initiated by the competent authorities of the Member States where a 'substantiated' concern exists that a violation of the prohibition of products made with forced labor has taken or is likely to take place.

6.1. Areas to watch in 2025

Designation of Competent Authorities

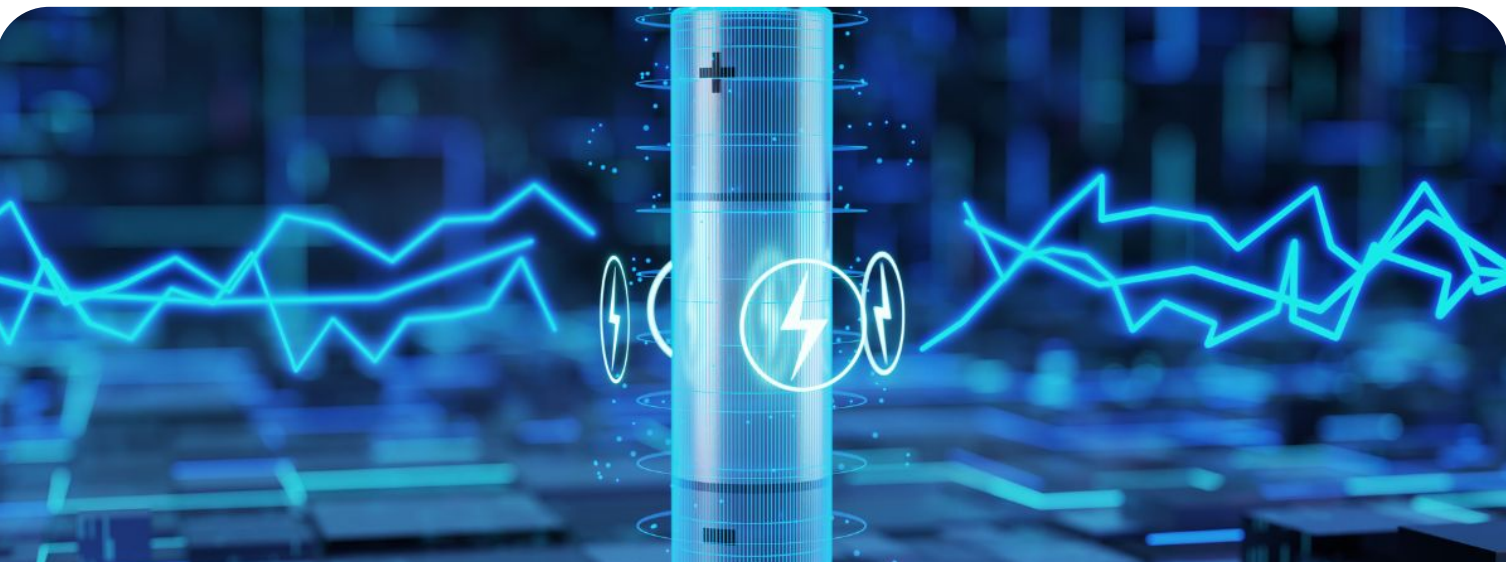
Details as regards the competent authorities designated in each Member State to oversee the implementation of this Regulation will become apparent in 2025 as Member States are required to provide the EU Commission and the other Member States with the contact details of these authorities and their areas of competence by **14 December 2025**.

Guidelines

The Commission is required to publish guidelines by **14 June 2026** which shall include guidance for economic operators on due diligence in relation to forced labor. It is possible that draft guidance to this effect may be published in 2025 ahead of being finalized in 2026.

Database of Forced Labor Risks

The Commission is also required to establish a database of forced labor risks to support the work of competent authorities in assessing potential violations of the Regulation and to help economic operators identify possible forced labor risks in their supply chain by **14 June 2026**. Work on the creation of this database - including calls for external expertise - will no doubt commence in 2025.



07. Batteries and Waste Batteries Regulation (EU) 2023/1542

The [Batteries and Waste Batteries Regulation](#) entered into force on **17 August 2023** and represents a significant shift towards more stringent and comprehensive due diligence practices in the battery industry, aiming to enhance sustainability, transparency, and social responsibility throughout the battery life cycle.

The Regulation contains several key dates and compliance deadlines in 2024 and 2025 marking important milestones in its implementation.

The Regulation began to apply earlier in the year on **18 February 2024** and from **18 August 2024**, manufacturers were required to apply the CE marking prior to releasing the battery onto the market or initiating its use.

Several key due diligence obligations for economic operators placing batteries on the EU market or putting them into service kick in from **18 August 2025**, most notably a requirement to introduce a battery due diligence policy with effect from that date. All economic operators introducing batteries to the EU market, excluding small and medium-sized enterprises (SMEs) with a net turnover of less than 40 million EUR in the financial year preceding the last financial year, must establish and implement a due diligence policy which must address social

and environmental risks in supply chains, including transparency on sourcing raw and recycled materials, risk assessments, and third-party audits.

The Regulation also specifically requires the adoption of supply chain due diligence policies for critical raw minerals listed in Annex X namely **cobalt, natural graphite, lithium, nickel, and their chemical compounds**.

Environmental and social risks associated with these materials must be identified and meticulously assessed as part of a comprehensive risk management plan.

Economic operators are also required to establish and maintain a system of controls and transparency throughout their supply chains.



7.1. Areas to watch in 2025

Carbon Footprint

Carbon footprint calculations for batteries in all electric vehicles sold in the EU will be mandatory from **18 February 2025**.

EPR, Waste Treatment and Due Diligence

Several provisions as regards waste battery management, Extended Producer Responsibility, collection and treatment obligations for waste batteries and due diligence requirements come into effect on **18 August 2025**.

- This date also marks the repeal of the existing Battery Directive 2006/66/EC.

Minimum Recycling Targets

Lead-acid, lithium-based, nickel-cadmium and other waste batteries will be subject to minimum recycling targets from **31 December 2025**.

Digital Product Passport

Whilst not directly part of the 2025 due diligence requirements, companies will most likely begin to prepare for the Battery Passport system, set to be implemented by **18 February 2027**.



08. Conclusion

In 2024, the EU witnessed continued regulatory growth and significant transformations in supply chain due diligence regulations with several crucial developments reshaping the compliance landscape.

Key trends across EU regulations such as the CSDDD, EUDR, Forced Labor Regulation, and Battery Regulation include:

- **Expanded Due Diligence:** Companies can no longer just focus on their own supply chain - they must now conduct comprehensive due diligence across their entire value chain.
- **Risk-Based Approach:** Identification and prioritization of risks based on severity and likelihood of occurrence are key components of all of the regulations reviewed.
- **Mandatory Disclosures:** The disclosure of due diligence efforts, identification of risks and mitigation measures taken are now mandatory across the board.
- **Transparency:** Companies are now required to comply with enhanced requirements for traceability and transparency throughout the supply chain from the sourcing of raw materials right through to end of life.
- **Liability and Enforcement:** A noticeable trend towards stricter enforcement of these regulatory measures - including civil and in some cases criminal liability for non-compliance - is evident.
- **Phased Implementation:** Tiered application based on company revenue and employee thresholds as well as industry type is a common trend amongst some of these regulations with larger companies and high-risk sectors facing earlier and potentially stricter compliance deadlines.
- **Extraterritoriality:** The global reach of these regulations is evident as they apply not only to EU based companies but also non-EU companies with a significant presence in the EU.

- **Alignment and Harmonization:** Alignment of national laws with EU-wide standards aims to create a more uniform and coherent regulatory landscape across the EU thereby ensuring consistent implementation of due diligence standards and reducing complexities for companies subject to those standards.

In conclusion, the regulatory landscape for supply chain due diligence in the EU underwent significant transformation in 2024.

The measures discussed in this whitepaper represent a landmark effort by the EU to harmonize due diligence obligations across Member States. With implementation timelines extending into 2025 and beyond, businesses must start to prepare now to meet stringent compliance requirements.

Looking ahead, 2025 is poised to be a pivotal year as Member States need to consider national transpositions of some of these measures and companies need to begin integrating them into their operations. It is therefore imperative that companies keep up to date with this evolving regulatory framework and ensure that they are on top of both existing and emerging obligations in this regard.

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