

Impact of EUDR on India's Financial Institutions and Companies of Rubber and Palm Oil Value Chains

Introduction

Over the past decade, sustainability has shifted from voluntary corporate responsibility to a binding element of international trade governance. Earlier approaches relied on certification, ESG commitments and zero-deforestation pledges, but faced concerns over fragmented standards and weak enforcement. Agricultural expansion remains a major driver of global deforestation, particularly through commodities including palm oil, rubber, soy and cattle.

Recognising the role of consumption in driving deforestation beyond its borders, the European Union adopted the European Green Deal¹ and the EU Biodiversity Strategy for 2030.² These two policies aim to reduce the environmental footprint of products consumed within the Union and paved the way for adoption of the European Union Deforestation Regulation (EUDR) in June 2023. The application has been postponed until December 2026. Once it comes into force, it will replace the erstwhile EU Timber Regulation. Unlike the latter, the EUDR extends mandatory due diligence obligations to a wider range of forest-risk commodities and derived products, thereby embedding environmental sustainability into international market access.

Unlike conventional environmental regulations, the EUDR governs market access rather than only domestic production practices. Products entering, being sold in, or exported from the EU must be deforestation-free, legally produced, and supported by due diligence. The Regulation therefore shifts sustainability from voluntary commitments to a legally enforceable trade requirement.

Compliance Requirements of the EUDR

The EUDR identifies seven commodities as ‘relevant commodities’ – cattle, cocoa, coffee, oil palm, rubber, soy and wood. EUDR scope is thus defined as ‘relevant products’ that contain, have been fed with, or have been made using these relevant commodities. ‘Deforestation’ is defined as the conversion of forest³ for agricultural use.⁴

¹ The European Green Deal <Available at> [The European Green Deal - European Commission](https://ec.europa.eu/economy_finance/european-green-deal/)

² Biodiversity Strategy for 2030 <Available at> https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en

³ ‘Forest’ means land spanning more than 0,5 hectares with trees higher than 5 metres and a canopy cover of more than 10 %, or trees able to reach those thresholds in situ, excluding land that is predominantly under agricultural or urban land use

⁴ ‘Agricultural use’ means the use of land for agriculture, including for agricultural plantations and set-aside agricultural areas, and for rearing livestock <Available at> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02023R1115-20251226>

Deforestation-free Requirements

- (a) that the relevant products contain, have been fed with, or have been made using, relevant commodities that were produced on land that has not been subject to deforestation after December 31, 2020; and
- (b) in the case of relevant products that contain or have been made using wood, that the wood has been harvested from the forest without inducing forest degradation after December 31, 2020;

Before products enter the European market, operators⁵ must submit a Due Diligence Statement (DDS) through the EU's electronic Information System along with the declaration that due diligence has been exercised and that no more than a negligible risk of non-compliance exists. The Information System serves as the digital backbone of the Regulation, facilitating information exchange among operators, customs authorities and competent authorities across Member States.

Three-Part Due Diligence Framework

First, operators are required to collect information demonstrating the origin and legality of relevant commodities. This includes detailed supply chain information, the geolocation coordinates, or polygons⁶ of the plots of land where commodities were produced, production dates, quantities, supplier identities, and documentation demonstrating compliance with the applicable laws of the producing country. The precise geolocation enabled by satellite-based verification is required to declare a relevant product deforestation-free.

Second, operators must undertake a risk assessment to determine whether there is more than a negligible risk that products are associated with deforestation or produced in violation of relevant national legislation. This assessment⁷ considers multiple factors, including the prevalence of deforestation in the country or region of production, governance quality, supply chain complexity, and the availability of reliable verification mechanisms.

Third, where risks cannot be considered negligible, operators are required to implement appropriate risk mitigation measures before products can be placed on the EU market. Such measures may include obtaining additional information, conducting independent audits, appointing a compliance officer at the management level, strengthening supplier engagement, or sourcing from alternative suppliers capable of demonstrating compliance.

Recognising implementation challenges identified by businesses and producing countries, the European Commission introduced a series of legislative and operational simplifications during 2024-25. These revisions sought to reduce administrative burdens associated with the due diligence standard while preserving the environmental integrity of the Regulation.

⁵ 'Operator' means any natural or legal person who, in the course of a commercial activity, places relevant products on the market or exports them, excluding downstream operators

⁶ 'Geolocation' means the geographical location of a plot of land described by means of latitude and longitude coordinates. For plots of land of more than four hectares used for the production of the relevant commodities other than cattle, geolocation shall be provided using polygons with sufficient latitude and longitude points to describe the perimeter of each plot of land.

⁷ The operators shall document and review the risk assessments at least on an annual basis and make them available to the competent authorities upon request.

Under the revised framework, due-diligence responsibility is concentrated on the first operator placing a relevant product on the EU market or exporting it. Downstream operators and traders generally need only retain the reference number of the supplier's due-diligence statement rather than conduct separate assessments.

Micro and small primary operators also benefit from simplified requirements, including a one-time declaration instead of repeated submissions for each shipment. Operators in low-risk countries are generally exempt from routine risk assessment and mitigation unless specific non-compliance risks arise.

Geolocation requirements have also been simplified, allowing postal addresses, cadastral information or equivalent references in relevant cases. Producers may use authorised representatives, such as cooperatives, producer organisations or government bodies, to submit information on their behalf. These changes aim to reduce administrative and digital compliance burdens while maintaining traceability and accountability within supply chains.

The Commission estimates that these measures could reduce annual recurring compliance costs by approximately 75 percent compared to the initial compliance costs.⁸

Country Benchmarking and Risk-Based Enforcement

A distinguishing feature of the EUDR is its country benchmarking system,⁹ which classifies producing countries into low-risk, standard-risk, and high-risk categories according to the likelihood that commodities are associated with deforestation or illegal production. This classification determines the frequency of compliance checks undertaken by EU competent authorities and forms the basis for applying simplified due diligence procedures.

Products from low-risk countries benefit from simplified due diligence, with detailed risk assessment and mitigation generally unnecessary unless potential non-compliance is identified. Commodities from standard- and high-risk countries face more extensive requirements and inspections. However, low-risk classification does not exempt operators from the EUDR. They must maintain traceability, collect required information and demonstrate legal compliance throughout the supply chain.

Emerging Implications for Global Value Chains

Products originating from low-risk countries benefit from simplified due diligence under the EUDR. Operators are generally not required to conduct detailed risk assessment or mitigation unless information indicates a potential risk of non-compliance. By contrast, products sourced

⁸ Report from the commission to the European Parliament and the council Simplification review on the Regulation (EU) 2023/1115 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation (EUDR) <Available at> https://environment.ec.europa.eu/document/download/a3c5c3a0-232e-43c4-b0b8-1eecb1df45c7_en?filename=Report%20from%20the%20Commission%20to%20the%20Council%20and%20Parliament%20on%20the%20EUDR.pdf

⁹ See Commission Implementing Regulation (EU) 2025/1093 of 22 May 2025 <Available at> https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202501093
Further information on the benchmarking methodology, see the 2024 Annex to the Strategic Framework on International Cooperation, in Staff Working Document (2025)129<Available at> [Staff Working Document \(2025\)129](#)

from standard- and high-risk countries remain subject to more comprehensive due-diligence requirements and frequent official checks.

However, low-risk classification does not constitute an exemption from the Regulation. Operators must still collect and retain the required supply-chain information, maintain traceability and demonstrate that products comply with the EUDR's substantive requirements. They remain responsible for ensuring that commodities are legally produced and meet applicable deforestation-free criteria.

The simplified approach therefore reduces the administrative burden for operators sourcing from low-risk countries while retaining core accountability. If credible evidence of non-compliance emerges, operators may be required to undertake additional risk assessment and mitigation. This distinction is important for maintaining both regulatory effectiveness and supply-chain transparency.

EUDR Impact on Palm Oil and Rubber Industries in India

India has been classified as a Low-Risk country under the EUDR. However, the regulation's country risk classification also influences India's import sourcing patterns, particularly for palm oil and rubber.

India is the world's largest importer of palm oil, accounting for nearly 20 percent of global imports in 2024, compared with eight percent for China. Domestic production meets only a small share of demand, with 93 percent of the palm oil available in India sourced through imports. Indonesia and Malaysia together supplied over 80 percent of these imports, while Thailand and Papua New Guinea accounted for smaller shares.¹⁰

Notably, Indonesia and Malaysia are classified as Standard Risk countries under the EUDR, whereas Thailand and Papua New Guinea are categorised as Low Risk. Since Indonesia and Malaysia also have the highest embodied deforestation footprint, India's heavy reliance on these suppliers may increase compliance and due diligence requirements for downstream value chains.

For rubber, imports accounted for around 40 percent of the total volume available in the Indian market in 2024. Between 2020-2024, Indonesia, Vietnam, Côte d'Ivoire, Malaysia, and Thailand supplied more than 90 percent of India's rubber imports.¹¹ Under the EUDR, Côte d'Ivoire, Indonesia, and Malaysia are classified as Standard Risk, while Vietnam and Thailand are classified as Low Risk.

EUDR Readiness of India's Palm Oil and Rubber Sectors

Although both commodities fall within the scope of the regulation, the two sectors differ significantly in terms of production structure, traceability systems, institutional preparedness, and exposure to the European market.

Rubber: India's natural rubber sector is comparatively better positioned to comply with EUDR requirements due to the presence of a dedicated statutory institution, the Rubber Board, which

¹⁰ ITC Trade Map (2026), online: <https://www.trademap.org/>, viewed in March 2026

¹¹ *Ibid*

has assumed a proactive role in developing a national compliance ecosystem. Recognising the implications of EUDR for India's rubber exports, the Rubber Board has launched the Bharat Sustainable Natural Rubber (BSNR) initiative,¹² supported by the digital TRST01 platform, to facilitate end-to-end traceability across the supply chain.

The platform seeks to enable exporters, processors, dealers, and manufacturers to generate the key documentation required under EUDR, including traceability certificates; geolocation (GeoJSON) data for production plots; due diligence declarations; and digital records to maintain segregation between EUDR-compliant and non-compliant rubber.

Importantly, the initiative recognises that while legal responsibility under the EUDR rests primarily with EU importers, upstream suppliers must provide accurate geolocation data, maintain complete traceability, and ensure that compliant rubber is not mixed with non-compliant material throughout the supply chain. Farmers, processors, dealers, and exporters are therefore assigned specific responsibilities within the BSNR framework.

This institutional support provided by the Rubber Board significantly enhances India's preparedness compared to many producer countries where compliance systems are largely left to private actors. Nevertheless, implementation challenges remain substantial.

India's rubber production is dominated by smallholders, who account for nearly 90 percent of cultivated area. Collecting precise polygon-level geolocation data, digitising land records, documenting legality, and ensuring continuous segregation across multiple intermediaries will require significant investments in capacity building and digital infrastructure. Many producers continue to rely on informal marketing channels, making traceability particularly difficult. Moreover, maintaining auditable records throughout processing and export will increase compliance costs, particularly for small and medium enterprises (SMEs).

Having said that, the BSNR platform could reduce transaction costs, improve buyer confidence, and strengthen India's position in premium sustainable rubber markets, if implemented effectively.

Palm oil: India's palm oil sector presents a different compliance landscape. Unlike rubber, India is a net importer of crude palm oil, sourcing the overwhelming majority of its requirements from Indonesia and Malaysia. Domestic production remains relatively small and is concentrated in a limited number of states under the National Mission on Edible Oils - Oil Palm (NMEO-OP).

Consequently, India's EUDR exposure is less about domestic cultivation and more about the traceability of imported raw materials that are subsequently refined or processed before being exported to the EU.

Although India's direct exports of palm oil to the EU are limited, several downstream products, including refined palm oil, palm kernel oil, oleochemicals, surfactants, cosmetic ingredients and food products, fall within the scope of the regulation. Indian refiners and manufacturers

¹² Rubber Board to create centralised database of rubber plantations – Published on August 24, 2024 in The Hindu Bureau <Available at> <https://www.thehindu.com/news/national/kerala/rubber-board-to-create-centralised-database-of-rubber-plantations/article68562390.ece>

supplying European buyers will therefore need to demonstrate that the imported palm oil originates from deforestation-free plantations and is supported by complete geolocation and legality documentation.

Unlike the rubber sector, there is currently no equivalent national traceability platform dedicated to palm oil. Compliance therefore depends heavily on upstream suppliers in Indonesia and Malaysia. While larger multinational suppliers often possess sustainability certifications such as RSPO or have established traceability systems, smaller suppliers and independent smallholders continue to face significant challenges in providing plot-level geolocation information required under the EUDR.

Industry assessments¹³ indicate that preparedness varies considerably across firms. Large integrated refiners with established sustainability teams and existing supplier traceability systems have already initiated supplier mapping, geolocation collection and due diligence system testing. In contrast, many mid-sized refiners continue to rely on spreadsheet-based supplier records and have yet to establish robust digital traceability systems.

This uneven preparedness creates the risk of a two-tier market, where EUDR-compliant products command price premiums while non-compliant supplies are increasingly excluded from EU value chains.

Table 1: Comparative Profile of India's Natural Rubber and Palm Oil Sectors

Dimension	Rubber	Palm Oil
Regulatory and institutional framework	Dedicated statutory institution through the Rubber Board; BSNR and TRST01 provide an emerging national framework for traceability, geolocation and EUDR-related documentation.	No equivalent dedicated national EUDR traceability platform. Compliance relies substantially on upstream suppliers, particularly in Indonesia and Malaysia, to provide traceability and legality information.
Production and policy structure	Predominantly smallholder-based, with smallholders accounting for nearly 90 percent of cultivated area. The Rubber Board provides an institutional mechanism for coordinating compliance and supporting producers.	Domestic production is relatively limited and concentrated in selected states under the NMEO-OP. Policy focus is primarily on expanding domestic oil-palm cultivation and reducing import dependence.
Consumption and trade exposure	India is both a producer and consumer of natural rubber, with domestic demand largely driven by tyre and automotive industries. EUDR exposure is concentrated among exporters supplying the EU and firms integrated into export-oriented value chains.	India is one of the world's major palm-oil consumers and a net importer of crude palm oil. EUDR exposure arises primarily when imported palm oil is refined or incorporated into downstream products subsequently exported to the EU.

¹³ EUDR at 90 Days: What Indian Exporters Still Need to Finish Before 30 December 2026 - Editorial Desk, GLOBOIL Intelligence <Available at> <https://globoilindia.com/intelligence/eudr-90-days-indian-exporters-compliance>

Gaps Identified in EUDR readiness for Indian Companies

Across both sectors, several common challenges continue to constrain India's readiness for EUDR implementation.

First, traceability infrastructure remains fragmented, particularly where commodities pass through multiple intermediaries before processing and export. Establishing end-to-end traceability requires interoperable digital systems capable of integrating farm-level geolocation data with processing, storage and export documentation.

Second, SMEs face disproportionate compliance costs. While larger firms are increasingly investing in digital due diligence systems, smaller exporters often lack the technical expertise, financial resources and dedicated sustainability personnel necessary to implement EUDR requirements.

Third, geospatial data availability remains uneven. Compliance requires accurate polygon-level mapping of production plots, yet many producers continue to operate without digitised land records or GPS-based farm mapping.

Fourth, institutional coordination remains limited. Successful implementation requires collaboration among commodity boards, exporters, processors, certification bodies, customs authorities, financial institutions and technology providers. While the Rubber Board has emerged as a coordinating institution for natural rubber, a comparable coordinated mechanism for palm oil has yet to emerge.

Finally, there remains a need for greater capacity building and awareness, particularly among smallholders, processors and SMEs. Many firms continue to perceive EUDR primarily as an export documentation requirement rather than a comprehensive due diligence framework encompassing legality, traceability and deforestation risk management.

Recommended actions: First, India should develop an interoperable national EUDR traceability system by revising its domestic policies. The objective should be to create a common digital data backbone that allows existing certification and traceability initiatives to feed into one system. For example, the Malaysian Palm Oil Board has developed the Sawit Intelligent Management System (SIMS) to track transactions across the palm-oil supply chain and GeoSAWIT™ to map oil-palm cultivation.¹⁴

India could adapt this approach by linking the Rubber Board's existing traceability infrastructure with comparable geospatial and transaction-tracking systems for palm oil.

Second, policymakers should create a shared EUDR compliance service for smallholders and SMEs, with commodity boards, cooperatives and producer organisations acting as data intermediaries.

¹⁴ Media release from Malaysian Palm Oil Board, Malaysia strengthens global leadership in sustainable palm oil through SIMS and GeoSAWIT™ <Available at> <https://mpob.gov.my/2026/02/malaysia-strengthens-global-leadership-in-sustainable-palm-oil-through-sims-and-geosawit/>

EUDR Implications for Financial Institutions: Risks and Responsibilities

Although the EUDR directly regulates operators and traders, its implications extend to financial institutions financing forest-risk commodity value chains. Banks and investors face financial, legal, reputational and transition risks from client non-compliance. They increasingly need to integrate deforestation risks into lending, investment and engagement processes.

Table 2: Key Risks and Mitigation Initiatives

Risk Category	Nature of Risk	Institutional Responsibility
Credit Risk	Firms that are unable to meet the EUDR's traceability and due diligence requirements risk being excluded from the EU market, facing penalties, and suffering supply chain disruption. These outcomes weaken a borrower's repayment capacity and might reduce the value of collateral held by lenders exposed to that borrower.	Financial institutions should integrate deforestation-related risk directly into their credit risk assessment process, and structure credit terms around verified compliance outcomes rather than assessing this risk only at the point of loan disbursement.
	Case Study 1: Rabobank and HSBC provide a working example of this approach: in 2024, the two banks jointly converted a €150mn revolving credit facility for the palm oil company Musim Mas into a sustainability-linked loan, with Musim Mas's performance against these indicators independently assessed each year. ¹⁵	
Transition Risk	As global markets shift toward deforestation-free supply chains, financing that is concentrated in commodity sectors with significant exposure to the EU market risks becoming stranded, since borrowers that fail to adapt in time may lose commercial viability.	Financial institutions should adopt a formal exclusion or conditionality policy that restricts new and continued financing to counterparties able to demonstrate deforestation-free, legally compliant sourcing.
	Case Study 2: HSBC published its sustainability Risk Policies Framework in November, 2025. Under this policy, HSBC committed to stop financing palm oil planters that clear forest or peatland, and required its customers to identify and protect forest and peat areas before undertaking new plantation development, backed by independent verification of their NDPE commitments. ¹⁶	
Reputational Risk	Banks that continue to finance companies associated with deforestation face growing scrutiny from investors, civil society organisations and customers. Critically, this risk can	Financial institutions should insist on independent, third-party verification of client sustainability KPIs rather than relying on the client's own self-certification, and

¹⁵ *The Sustainability-Linked Loan will be anchored on three Key Performance Indicators (KPIs) - RSPO certification of independent smallholders, training of independent smallholders, and maintaining a deforestation-free palm oil supply chain* - Musim Mas Signs its first Sustainability-Linked Loan with Rabobank and HSBC Bank <Available at> <https://www.musimmas.com/resources/news-releases/musim-mas-signs-its-first-sustainability-linked-loan-with-rabobank-and-hsbc-bank/>

¹⁶ *For agricultural commodities, we expect clients to obtain, maintain and evidence certifications from the Roundtable for Sustainable Palm Oil ("RSPO") or Roundtable on Responsible Soy ("RTRS"), as applicable* - HSBC Sustainability Risk Policies Framework <Available at> <https://www.hsbc.com/-/files/hsbc/who-we-are/pdf/251106-sustainability-risk-policies-framework.pdf>

Risk Category	Nature of Risk	Institutional Responsibility
	materialise even where a sustainability-linked loan already exists, if the sustainability Key Performance Indicators (KPIs) attached to it are weakly verified.	should be prepared to exit client relationships where non-compliance is subsequently confirmed.
Regulatory and Compliance Risk	Financial institutions are not directly regulated under the EUDR, but they nonetheless face growing expectations from international development finance institutions to demonstrate robust environmental and social risk management systems.	Financial institutions should begin building TNFD-aligned, EUDR-consistent risk assessment capability into their agricultural lending portfolios ahead of any formal domestic regulatory requirement, using geospatial and supply-chain data tools already available in the market.
	Case Study 3: IndusInd Bank, supported the TNFD's "Locate, Evaluate, Assess and Prepare" (LEAP) approach to the agricultural sector component of its corporate loan portfolio in India, showcasing its commitment to identifying and managing biodiversity-related risks. ¹⁷	

Indian Financial Institutions: Disclosures and Financing Decisions

Now, the more pertinent question for policy purposes is how far Indian financial institutions have actually progressed in building the disclosure architecture and financing practices needed to manage these risks. There is limited evidence to suggest that a system which is moving in the right direction on paper, but at a slower pace, particularly on forest-risk, commodity-specific exposure, remains nascent.

India's financial-sector disclosure architecture for climate- and nature-related risks has been under development since 2022, though it remains pre-implementation for most institutions and does not yet include any EUDR- or deforestation-specific requirements.

The Reserve Bank of India (RBI) has built this architecture through three sequential instruments. First, its July 2022 discussion paper on Climate Risk and Sustainable Finance flagged the need for a formal framework after RBI's own survey found that most regulated entities had no internationally aligned climate strategy, and were, in its own assessment, "far from ready" to manage climate-related financial risk.¹⁸

Second, the April 2023 Framework for Acceptance of Green Deposits required banks and deposit-taking NBFCs to adopt board-approved policies for raising and deploying green deposits. Banks must lend the deposit proceeds only to activities falling under a fixed list of

¹⁷ Indusland Integrated Report 2022-23, <available at> https://www.indusind.bank.in/content/dam/indusindcorporate/generic/IndusInd_Bank_Integrated_Report_2022-23.pdf

¹⁸ RBI, Discussion Paper on Climate Risk and Sustainable Finance, July 2022; reported in S&P Global Market Intelligence, "India's central bank pushes banks to align disclosures with global climate norms" — <https://www.spglobal.com/market-intelligence/en/news-insights/articles/2022/7/india-s-central-bank-pushes-banks-to-align-disclosures-with-global-climate-norms-71382036>

eligible green categories set by the RBI, and must get an independent third party to verify, from FY 2024-25 onward, that the money was actually used for those purposes. One of these categories is "Sustainable Management of Living Natural Resources and Land Use"; it explicitly covers environmentally sustainable management of agriculture, animal husbandry, fishery and aquaculture, as well as sustainable forestry management including afforestation and reforestation.¹⁹

Third, and most significant for climate and nature risk specifically, the RBI's draft Disclosure Framework on Climate-related Financial Risks (February 2024) requires regulated entities to disclose against four pillars - governance, strategy, risk management, and metrics and targets. This is broadly aligned with the TCFD, the Basel Committee on Banking Supervision, and IFRS S2.²⁰

The complementary disclosure track runs through SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework, which has been mandatory since FY 2022-23 for India's top 1,000 listed companies by market capitalisation, including most major banks, NBFCs and insurers.²¹ Any sector specific disclosure does not appear anywhere in the BRSR format. What exists instead is:

- A policy-level disclosure (Section B, Q4, applying across all nine principles) requiring entities to name any forest-relevant certification standards, i.e., Forest Stewardship Council, Rainforest Alliance, Trustea, Fairtrade, that they have adopted, if any.
- A mandatory disclosure under Principle 6 (Essential Indicator 11) requiring entities with operations or offices in or around "ecologically sensitive areas" - a category that explicitly includes forests, alongside national parks, wildlife sanctuaries, biosphere reserves and wetlands - to report location, activity type, and environmental-clearance compliance. Critically, this is scoped to the entity's *own* operations and offices, not to its upstream supply chain or sourcing.
- A voluntary Leadership Indicator (Principle 6, Q6) permitting (but not requiring) entities to "disclose any significant adverse impact to the environment, arising from the value chain of the entity," along with mitigation measures taken. This is the only indicator that somewhat captures supply-chain deforestation risk from commodities such as palm oil or rubber, but it sits in the voluntary Leadership tier rather than the mandatory Essential tier and asks for narrative disclosure rather than commodity-specific or geolocation data.

A separate joint mapping exercise by the Confederation of Indian Industry (CII), the India Business & Biodiversity Initiative, and the Taskforce on Nature-related Financial Disclosures (TNFD) found that most of TNFD's fourteen recommended disclosures on governance, strategy

¹⁹ RBI, Framework for Acceptance of Green Deposits, April 2023; Available at <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/CLIMATERISK46CEE62999A4424BB731066765009961.PDF>

²⁰ PwC India, "Disclosure Framework on Climate-related Financial Risks 2024"; Available at <https://www.pwc.in/blogs/disclosure-framework-on-climate-related-financial-risks-2024.html>

²¹ SEBI, Business Responsibility & Sustainability Reporting Format, Annexure II (July 2023); Available at https://www.sebi.gov.in/sebi_data/commondocs/jul-2023/Annexure_II-Updated-BRSR_p.PDF

and risk management are already reflected in BRSR, and that both frameworks incorporate disclosures on ecologically sensitive locations and stakeholder engagement quality.²²

This mapping is useful evidence that BRSR's structure is TNFD-compatible, and that TNFD's LEAP methodology (Locate, Evaluate, Assess, Prepare) could support Indian companies preparing BRSR filings, but it should not be read as supply-chain-traceability disclosure equivalent to what the EUDR demands.

Conclusion and the Way Forward

Indian financial institutions' preparedness for EUDR-linked risks remains emergent but underdeveloped. RBI's climate-disclosure and green-deposit frameworks and SEBI's BRSR regime provide a useful foundation, but focus primarily on climate and environmental compliance rather than deforestation and commodity-supply-chain risks. Greater preparedness would require sector-specific guidance, stronger coordination with bodies such as the Rubber Board, and financing products supporting EUDR due-diligence costs.

Further research should assess the materiality of EUDR-related risks, quantify financial-sector exposure where possible, and engage institutions to determine whether dedicated responses are warranted or existing frameworks are sufficient.

²² TNFD, "TNFD guidance and Indian nature-related reporting requirements show high level of consistency"; Available at <https://tnfd.global/tnfd-guidance-and-indian-nature-related-reporting-requirements-show-high-level-of-consistency/>

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