

A COMPREHENSIVE EUDR GUIDE 2024



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Introduction to EUDR

The EU Deforestation Regulation (EUDR) represents a pivotal shift in environmental legislation, aiming to curtail the detrimental impacts of deforestation and forest degradation on a global scale. Enforced from **June 29, 2023**, this regulation prohibits companies from placing commodities associated with deforestation and forest degradation on the EU market or exporting them from the EU.

This regulation emerged in response to alarming statistics, such as the loss of 420 million hectares of forest to deforestation between 1990 and 2020, which significantly contributes to climate change and biodiversity loss.

The EUDR seeks to address these issues by reducing the EU's influence on global deforestation, lowering greenhouse gas emissions, and promoting biodiversity. The regulation's comprehensive approach targets the root causes of deforestation, such as agricultural expansion, and emphasizes the importance of sustainable practices.

This report aims to provide a thorough understanding of EUDR and the compliance journey. We will delve into the specifics of the regulation and outline steps to ensure compliance. Whether you're just starting or looking to deepen your knowledge, this guide will equip you with the essential information and strategies to navigate the complexities of EUDR compliance.

Key Definitions from Article 2 of the EUDR

Key Terms	Definition
Relevant Commodities and Relevant Products	<ul style="list-style-type: none"> - Cattle, cocoa, coffee, oil palm, rubber, soya, and wood. - Products listed in Annex I that contain, have been fed with, or have been made using relevant commodities.
Deforestation	The conversion of forest to agricultural use, whether human-induced or not.
Forest Degradation	Structural changes to forest cover, such as the conversion of primary forests or naturally regenerating forests into plantation forests or other wooded land, or primary forests into planted forests.
Agricultural Plantation	Land with tree stands in agricultural production systems, such as fruit tree plantations, oil palm plantations, olive orchards, and agroforestry systems where crops are grown under tree cover; excludes plantations of relevant commodities other than wood.
Primary Forest	Naturally regenerated forest of native tree species with no clearly visible indications of human activities and undisturbed ecological processes.
Naturally Regenerating Forest	Forest predominantly composed of trees established through natural regeneration, including forests that cannot be distinguished as planted or naturally regenerated, forests with a mix of naturally regenerated native trees and planted trees, coppice from naturally regenerated trees, and naturally regenerated trees of introduced species.
Planted Forest	Forest predominantly composed of trees established through planting or deliberate seeding, with planted or seeded trees expected to constitute more than 50% of the growing stock at maturity, including coppice from planted or seeded trees.
Plantation Forest	A planted forest that is intensively managed, consisting of one or two species, even age class, and regular spacing; includes short rotation plantations for wood, fiber, and energy, but excludes forests planted for protection or ecosystem restoration.
Other Wooded Land	Land not classified as forest, spanning more than 0.5 hectares, with trees higher than 5 meters and a canopy cover of 5 to 10%, or with a combined cover of shrubs, bushes, and trees above 10%, excluding land predominantly under agricultural or urban land use.
Deforestation-Free	Relevant products containing, fed with, or made using relevant commodities produced on land not subjected to deforestation after December 31, 2020; for wood products, harvested without inducing forest degradation after December 31, 2020.

When Do You Need To Be Ready?

Most companies must comply with the EU Deforestation Regulation (EUDR) by December 30, 2024. However, there is an extended compliance deadline of June 30, 2025, for certain companies. This extension applies to operators that were established as small or micro-undertakings before December 30, 2020. It covers all relevant products listed in Annex I of the EUDR, except those wood products already covered by the European Union Timber Regulation (EUTR).

Therefore, no exemptions apply to products currently under EUTR compliance. This approach allows smaller businesses additional time to align their practices with the requirements of the EUDR, ensuring a more manageable transition towards sustainability and compliance.



Which Commodities Must Be Compliant Under the EUDR?

The European Union Deforestation Regulation (EUDR) targets seven critical commodities that significantly impact global deforestation and forest degradation due to their high consumption volumes in the EU. The inclusion of these commodities is based on extensive scientific research and stakeholder consultation, identifying their significant role in driving global deforestation. According to a recent study, these seven commodities represent the largest share of EU-driven deforestation:

- Oil Palm: 34.0%
- Soy: 32.8%
- Wood: 8.6%
- Cocoa: 7.5%
- Coffee: 7.0%
- Cattle: 5.0%
- Rubber: 3.4%

In addition, operators must ensure that livestock feed does not contribute to deforestation. The regulation requires geolocation data for establishments where cattle were raised but not for the feed itself unless there are substantiated concerns about compliance.

For a comprehensive list of these commodities, you can have a look at [Annex I](#).

Products Exempted from the EUDR

1. EU Customs Codes Not Listed in Annex I

Any product associated with an EU customs code not listed in Annex I of the regulation is considered exempt from the EUDR.

2. Products at the End of Their Lifecycle

The EUDR does not apply to products produced entirely from materials that have completed their lifecycle and would otherwise have been discarded as waste. However, this exemption does not apply to by-products of a manufacturing process where the material involved is not classified as waste, as defined in Article 3, point 1 of EU Directive 2008/98/EC.

3. Packaging

Due diligence requirements apply to any wood or paper packaging that falls under an Annex I customs code when it is placed on the market or exported as a product in its own right. However, there are specific exemptions for packaging materials:

- CN Code 4415: Packaging material falling under this code is exempt from the regulation's requirements when used to support, protect, or carry another product placed on the market.
- Other Packaging Materials: The EUDR FAQ clarifies that packaging materials used to support, protect, or carry another product, regardless of their CN code, are not relevant within the meaning of Annex I. This includes paper and card packing materials, such as those falling under CN 4819.
- User Manuals: Manuals accompanying shipments are not considered relevant products unless they are purchased independently.

Obligations Under the EUDR: Operators

Obligation	Operators
Product Compliance	Operators must ensure their products are deforestation-free, produced according to relevant local laws, and covered by a due diligence statement.
Due Diligence	Operators must implement a due diligence system and take formal responsibility for product compliance. This involves collecting necessary information, assessing risks, and implementing risk mitigation measures for all products supplied by each supplier before placing them on the market or exporting them. Operators must also be ready to receive and investigate substantiated concerns from stakeholders.
Annual Review and Updates	Operators must review their due diligence system at least once a year. If new developments arise that could influence the system, they must update it accordingly. Records of these updates must be kept for five years.
Public Reporting	Operators, except SMEs, microenterprises, or natural persons, must annually report on their due diligence system. This report should be publicly accessible online and detail steps taken to meet Article 8 obligations. If subject to other EU due diligence laws, operators can include the required information in those reports to fulfill their EUDR reporting obligations.
Simplified Due Diligence	<p>1. Exemption Conditions: Operators are exempt from Articles 10 and 11 if all relevant products are from low-risk regions (Article 29). They must provide documentation to authorities upon request, demonstrating negligible risk of circumvention.</p> <p>2. Handling Relevant Information: If operators find information indicating non-compliance or circumvention, they must fulfill all obligations under Articles 10 and 11 and immediately inform the competent authority.</p> <p>3. Competent Authorities' Actions: Authorities must take immediate action if they find risks of circumvention, including interim measures as outlined in Article 23.</p>

The collected information must include:

1. Product Description
2. Product Quantity
3. Country of Production and Geolocation
4. Supplier and Recipient Information
5. Verification of Deforestation-Free Status

Obligations Under the EUDR: Traders

Obligation	Traders
Information Management	Traders must collect and maintain information on suppliers and buyers, including due diligence statement reference numbers, for at least five years. This information must be provided to authorities upon request.
Compliance Assurance	Non-SME traders must ensure due diligence is exercised and that products are compliant before making them available on the market.
SME-Specific Obligations	SME traders must keep information on suppliers and buyers and provide it to authorities when requested.
Reporting Non-Compliance	Traders must immediately inform authorities and downstream traders if new information indicates a risk of non-compliance.
Assisting Authorities	Traders are required to provide necessary assistance to authorities during compliance checks, including access to premises and records.

Risk Assessment

Operators must verify and analyse the information collected according to Article 9, along with any other relevant documentation. Based on this information, they must conduct a risk assessment to determine if there is any risk that the relevant products intended for the market or export are non-compliant. Operators are prohibited from placing these products on the market or exporting them unless the risk assessment indicates no or only a negligible risk of non-compliance.

Risk Assessment Checklist

Criteria	Description
Country of Production	The risk assigned to the relevant country or parts thereof, particularly regarding the presence of forests and indigenous peoples, and any claims made by these peoples about land use or ownership.
Environmental Factors	The prevalence of deforestation or forest degradation in the country or parts thereof.
Information Quality	The source, reliability, validity, and connection to other available documentation.
Country-specific Concerns	Issues such as corruption, document falsification, law enforcement, human rights violations, armed conflict, and sanctions.
Supply Chain Complexity	Challenges in linking products to specific plots of land and the risk of regulation circumvention
Expert Group Conclusions	Recommendations from Commission expert groups.
Historical Compliance	Previous compliance issues within the supply chain.
Supplementary Information	Additional data on compliance, including third-party certifications recognized by the Commission.

Risk Mitigation Assessment

If the risk assessment reveals any risk greater than negligible, operators must adopt risk mitigation procedures before placing products on the market or exporting them. These procedures should ensure the risk is reduced to no or only negligible levels and may include:

1. **Additional Information:** Requesting further information, data, or documents.
2. **Independent Audits:** Conducting independent surveys or audits.
3. **Supporting Compliance:** Assisting suppliers, particularly smallholders, through capacity building and investments.

Operators must have adequate and proportionate policies, controls, and procedures to effectively manage and mitigate the risks of non-compliance. These measures include model risk management practices, record-keeping, internal control, compliance management (including appointing a compliance officer for non-SME operators), and independent audits.

All decisions on risk mitigation procedures and measures must be documented, reviewed annually, and made available to competent authorities upon request. Operators must be able to demonstrate how these decisions were made.

Obligations of Member States and Their Competent Authorities

Technical Assistance and Guidance (Article 15): Member States and the Commission may provide assistance to operators, focusing on SMEs and micro-enterprises, to help them meet due diligence obligations.

Obligation to Carry Out Checks (Article 16): Competent authorities must perform risk-based checks to ensure compliance. Annual checks must cover at least:

- 3% of operators from standard-risk countries,
- 9% of operators and the quantity of products from high-risk countries,
- 1% of operators from low-risk countries.

Immediate Action for High-Risk Products (Article 17): Competent authorities must identify and take immediate action on high-risk products, potentially suspending their market placement or export.

Checks on Operators and Traders (Articles 18 and 19): Authorities must verify due diligence systems of operators and non-SME traders through documentation and, if necessary, on-the-ground examinations. For SME traders, checks focus on compliance documentation, with spot checks as needed.

Recovery of Costs (Article 20): Member States may allow authorities to reclaim non-compliance costs from operators or traders, including costs for testing and storage.

Cooperation and Information Exchange (Article 21): Authorities must cooperate with each other, customs, and the Commission, sharing information and coordinating enforcement efforts. They must alert others about potential non-compliance.

Reporting (Article 22): Member States must report annually on EUDR application by April 30, including plans, results, and corrective actions.

Controls on Products Entering or Leaving the Market (Article 26): Relevant products under the customs procedure 'release for free circulation' or 'export' are subject to controls. Competent authorities enforce the EUDR using a risk-based approach, while customs authorities perform controls on declarations. The due diligence statement reference number must be provided to customs authorities before product release. Both authorities must closely cooperate and exchange necessary information.

Electronic Interface (Article 28): By June 30, 2028, the Commission will develop an electronic interface to transmit data between national customs systems and the EUDR information system.

Obligations of Member States and Their Competent Authorities

Penalties

Penalties	Description
Fines	Fines proportional to the environmental damage and the value of the non-compliant products or commodities.
Confiscation	Seizure of the non-compliant products from the operator and/or trader.
Confiscation of revenues	Seizure of the revenues gained from transactions involving the non-compliant products.
Exclusion from public procurement.	Temporary exclusion from participating in public procurement processes, for up to 12 months.
Prohibition to trade	Temporary prohibition from placing products on the EU market or exporting them.
Prohibition to Use Simplified Due Diligence	Prohibition from using the simplified due diligence procedure outlined in Article 12.

Country Benchmarking System and Cooperation with Third Countries

Assessment of Countries (Article 29)

The EUDR introduces a three-tier system for categorizing countries or parts of countries into high risk, low risk, and standard risk based on factors like deforestation rates, agricultural expansion, and production trends. Initially, all countries are classified as standard risk. By December 30, 2024, the Commission will publish and update a list of low and high-risk countries. The assessment considers national laws, enforcement measures, transparency, and international agreements.

Cooperation with Third Countries (Article 30)

The Commission and Member States will coordinate with producer countries, especially those classified as high risk, through partnerships and cooperation mechanisms. These efforts will focus on tackling deforestation and forest degradation, promoting sustainable commodity production, and supporting local communities and smallholders.

How Orbify Can Assist You in Getting EUDR Compliant

Our new EUDR tool, Compliance Orb, assists businesses in preparing for EUDR compliance. Utilizing reliable satellite data, our tool supports your compliance journey with just a few clicks!

Below, we present the key features of our EUDR platform:

Comprehensive Plot Overview

The first thing you will notice in our platform is an overview of the plot you want to examine for EUDR compliance. With just a few clicks, you can access detailed information about the location and plot specifics, ensuring you have all the necessary data at your fingertips.

EUDR Project Compliance Report and Screening

Regulation (EU) 2023/1115, adopted by the European Parliament and the Council on May 31, 2023, pertains to the facilitation of certain commodities and products associated with deforestation and forest degradation within the Union market, as well as their export from the Union. This regulation supersedes Regulation (EU) No 995/2010


General information

Verification of Regulation (EU) 2023/1115 compliance for project **Oil palm plantation - EUDR report**, located in **East Kalimantan, Indonesia**.

Report was created at 2024-04-19 16:52

This report aims to assess plots according to following criteria:

- **Identification of Non-Compliance Areas:** Identifying plot areas potentially non-compliant with deforestation-free requirements
- **Verification of Activity Assertions:** Assertions regarding activities will be cross-referenced with known commodity plantations to verify their accuracy
- **Assessment of Regulatory Compliance:** Plots located within protected areas or indigenous territories will be identified to assess compliance with regional regulations
- **Analysis of Deforestation Risk:** Perimeter analysis will be conducted to evaluate the risk of activities leading to deforestation beyond plot boundaries
- **Evaluation of Local Deforestation Trends:** Local deforestation trends and proximity to deforestation hotspots will be assessed to gauge the risk accurately



Deforestation

Administration Risk Level

Next, we assess the deforestation administration risk level using a three-tier benchmarking system as outlined in EUDR Article 29. This system classifies commodity-producing countries and regions as low, standard, or high risk. This classification helps regulators target checks on products from high-risk countries and allows operators to undertake simplified due diligence for products from low-risk countries. Orbify estimates the potential risk level of each country, state, or jurisdiction based on deforestation rates.

Administrative Risk Level

EUDR; Article 29

A three-tier benchmarking system is used to classify commodity-producing countries and parts thereof as low, standard or high risk. This will enable regulators to target checks on products from high-risk countries, and operators to undertake simplified due diligence for products from low-risk countries. Orbify estimates the potential risk level of each country, state or jurisdiction based on the rates of deforestation within a country. Increased due diligence may need to be performed in areas with high or medium risk.

High

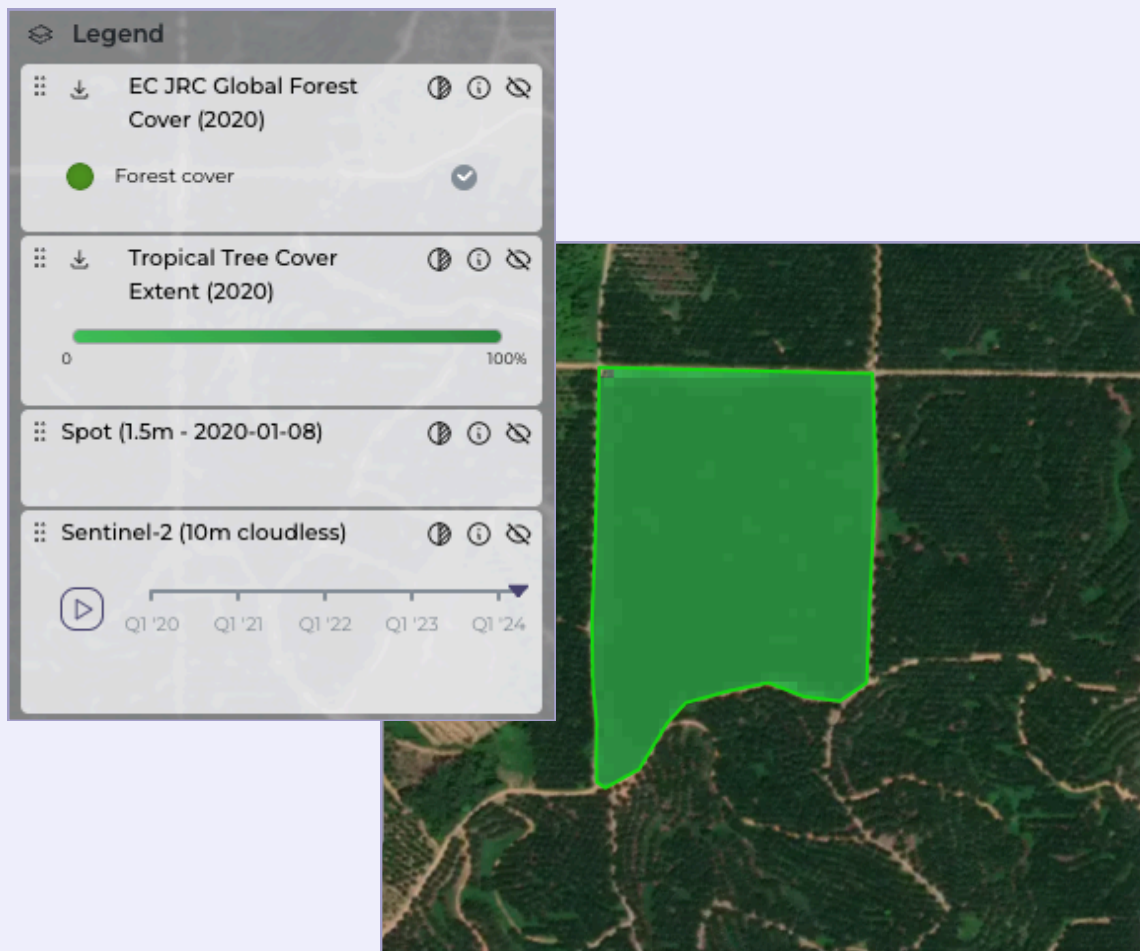
COUNTRY BENCHMARKING SYSTEM RISK (APPROXIMATION)

27 %

DEFORESTATION

Deforestation-Free Assessment

Additionally, our platform includes a compliance assessment aligned with the EUDR Deforestation-Free requirements (Article 2). This involves screening the plot for forest cover presence as of December 2020 and identifying any deforestation occurrences since that period. The EC JRC Global Forest Cover benchmark dataset is used to identify forest presence within the plot in 2020. Additionally, the WRI DataLab Tropical Tree Cover Extent map is included, offering increased sensitivity to fragmented and urban forests and areas with low canopy cover.



Forest Map Quality Screening

Another feature of Compliance Orb is the Forest Map Quality Screening. This screening identifies map limitations affecting the project plot, such as small project areas, steep slopes, and regions with low canopy cover trees. This assessment ensures accurate representation and addresses the challenges posed by the dataset's inherent constraints.

Additionally, Sentinel 2 time series data is included to facilitate the visual examination of plot activities. Any inaccuracies in the map are reviewed in the forest map quality screening section, with flagged limitations requiring further accuracy checks.

Forest map quality screening

The quality screening of the EC JRC Global Forest Cover map identifies map limitations affecting the project plot, such as small project areas, steep slopes, and regions with low canopy cover trees. This assessment ensures accurate representation and addresses the challenges posed by the dataset's inherent constraints.

Forest map

The project area is depicted through the EC JRC Global Forest Cover map, complemented by the Tropical Tree Cover Extent dataset. This dataset is specifically sensitive to urban trees and those in areas with low canopy cover, providing a nuanced view.

Additionally, the Sentinel 2 time series is included to facilitate visual examination of plot activities.

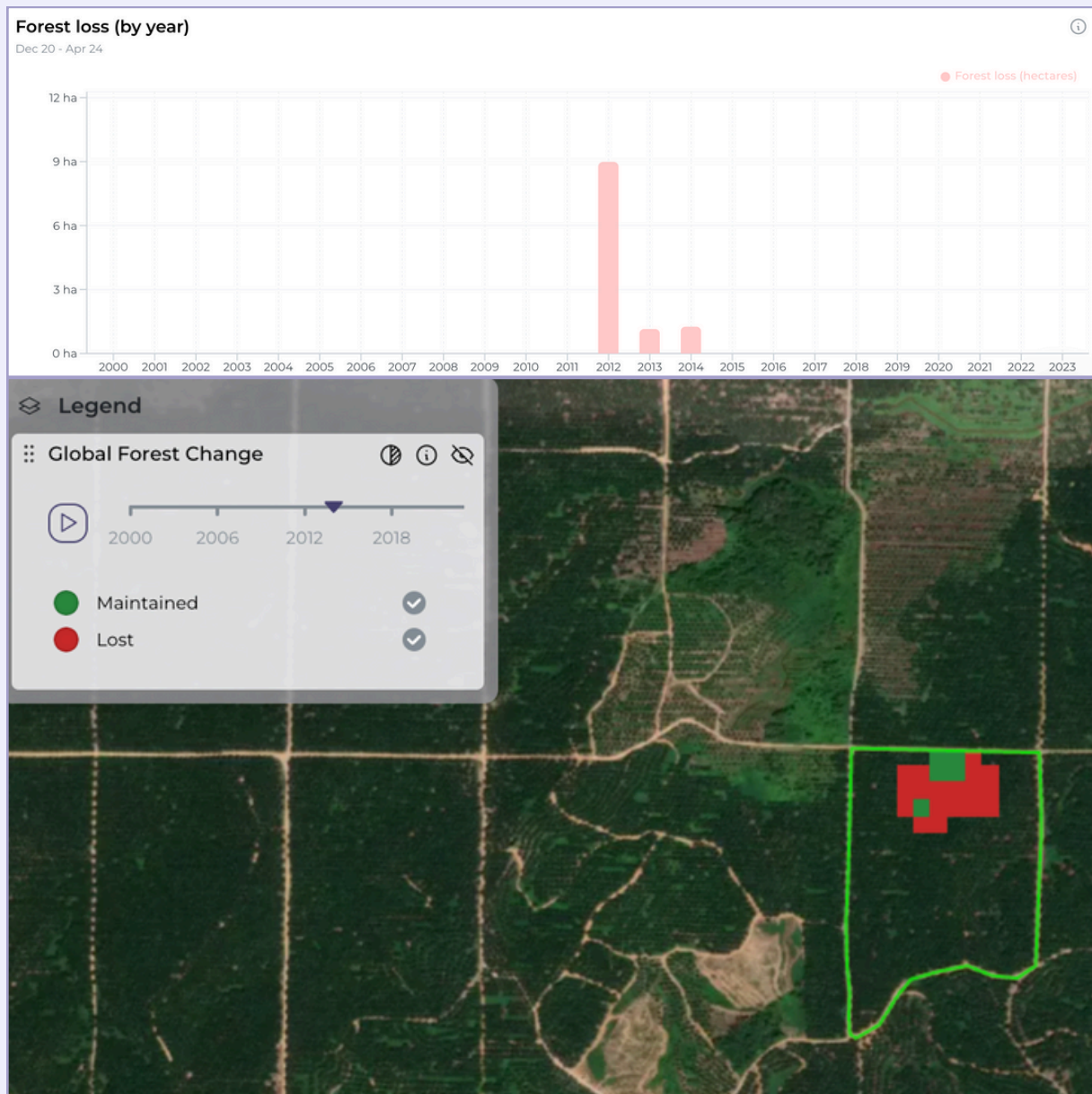
Conditions are satisfactory

FOREST MAP QUALITY SCREENING

3/3
SCORE

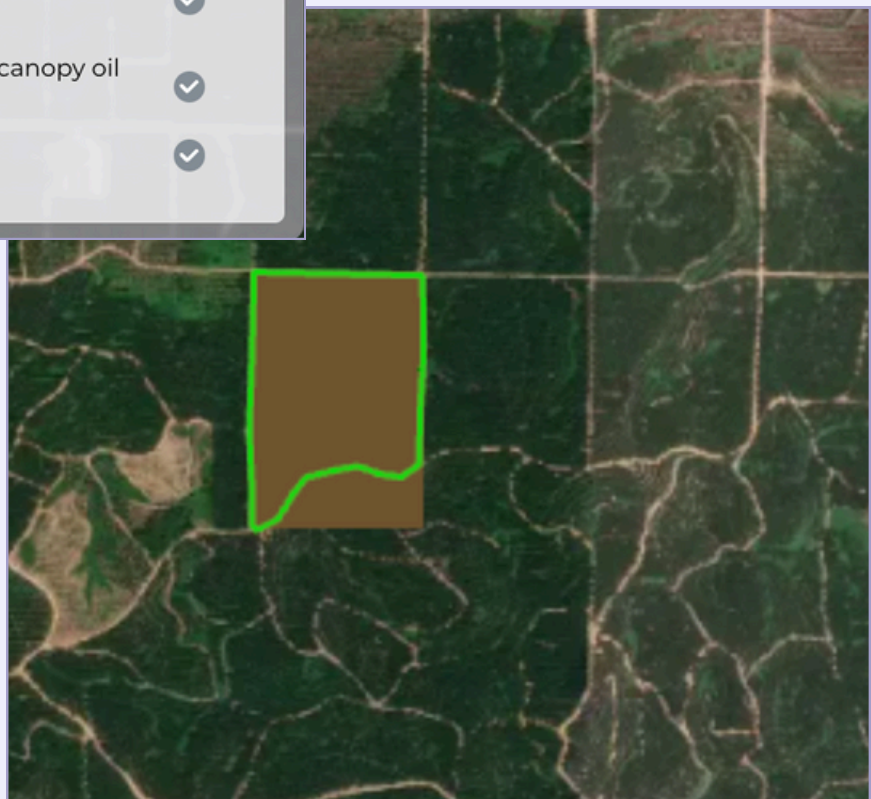
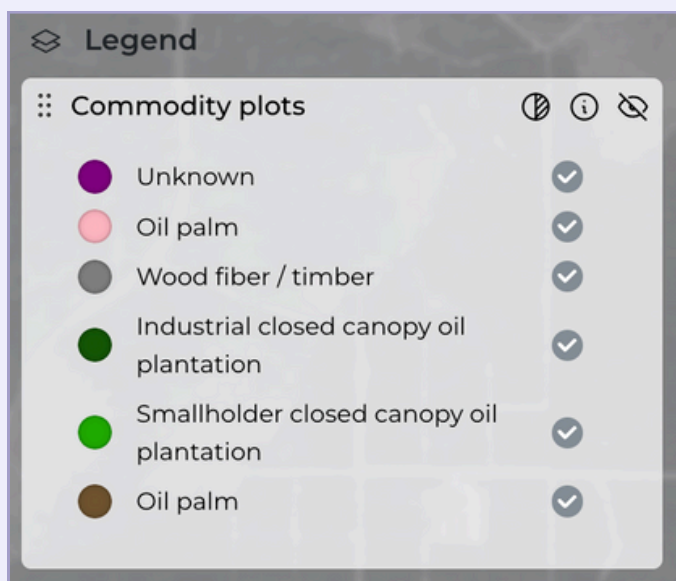
Deforestation-Free Compliance

Compliance Orb can verify Deforestation-Free compliance by screening the plot for any indicators suggesting non-compliance since 2020. The Global Forest Change dataset provides information on the location and date of significant deforestation events. This data is used to determine if forest loss occurred before 2020 (compliant) or after (non-compliant). Identification of large deforestation events before 2020 can indicate the conversion of forests to commodity plots in projects that meet compliance criteria.



Verification of Commodity Plots

In addition, Compliance Orb employs various datasets and models to detect plantations, verify commodity production within the project area, and signal instances of conversion to agriculture.



Evaluation for Compliance with Local Laws

Our platform also includes an evaluation for compliance with local laws (Article 10). Datasets for Indigenous territories and protected areas are critical for identifying whether activities within a region require additional permissions to meet legal standards. This ensures that your project is compliant not only with EUDR regulations but also with local laws.

Evaluation for Compliance with Local Laws

EUDR; Article 10.

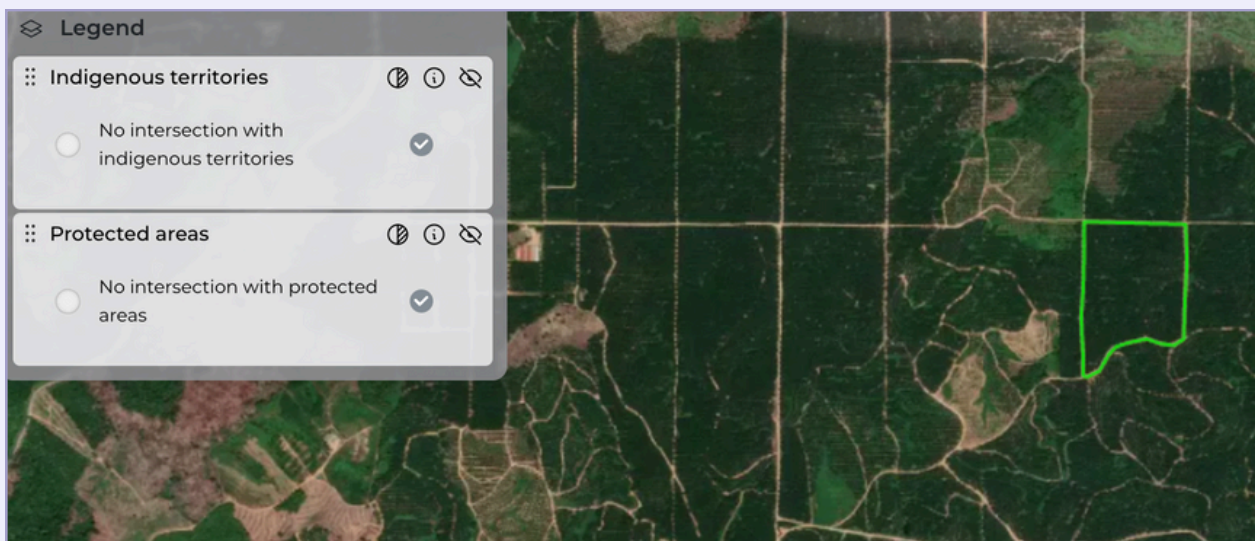
The datasets for Indigenous territories and Protected areas are critical for identifying whether activities within a region require additional permissions to meet legal standards.

0 ha
INDIGENOUS TERRITORIES

Low
RISK

0 ha
PROTECTED AREAS

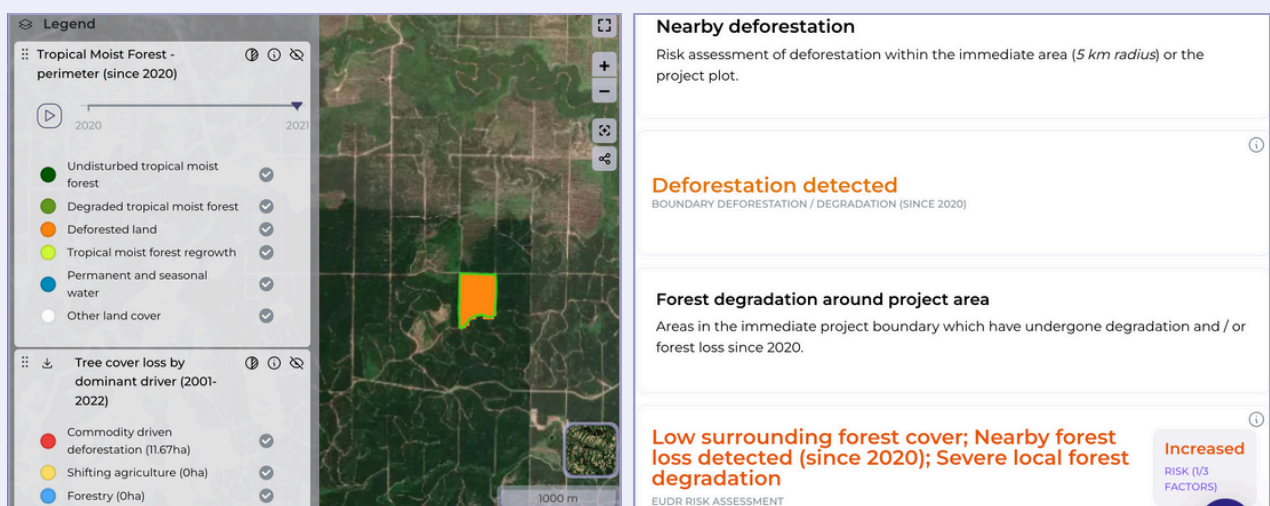
Low
RISK



EUDR Risk Assessment

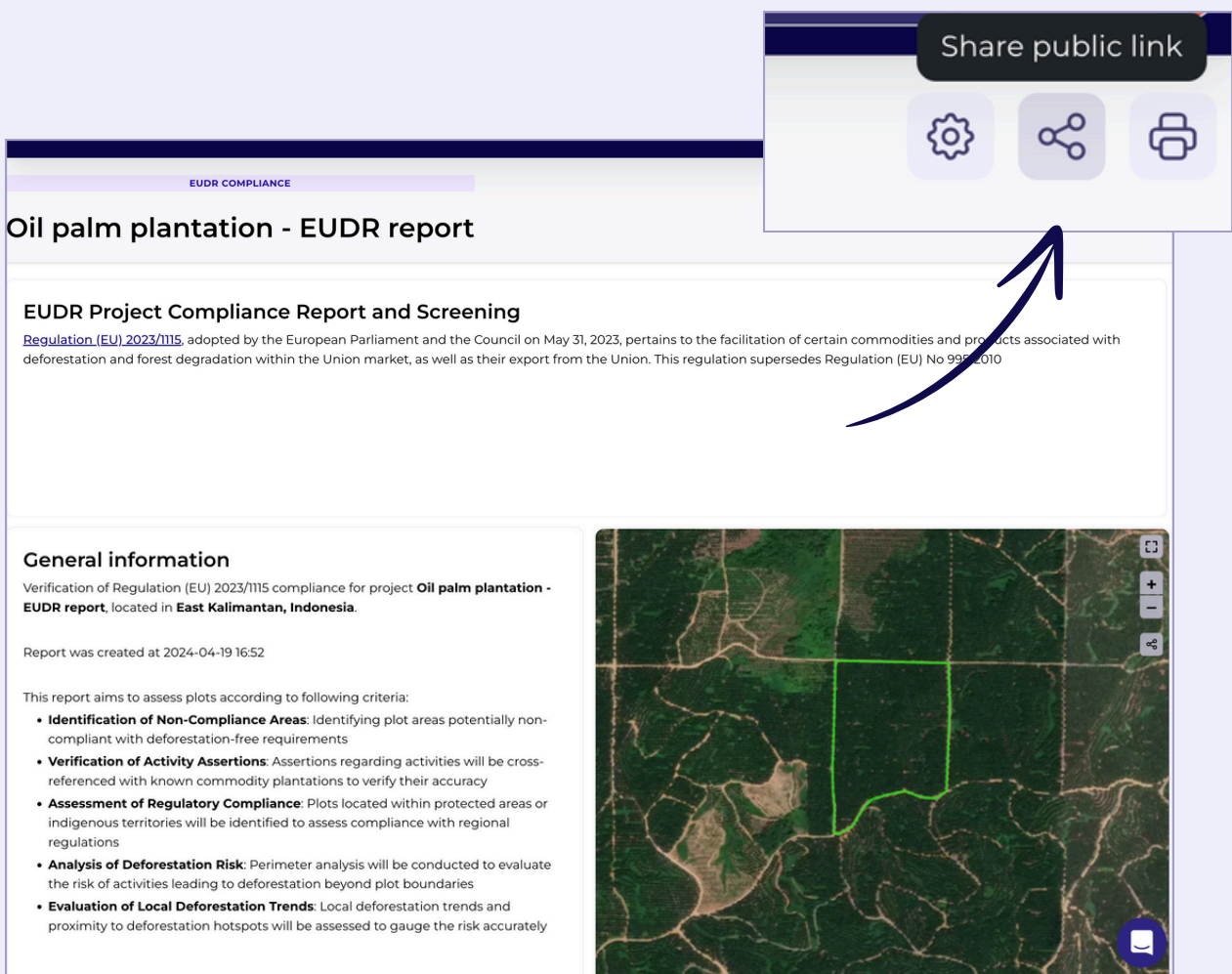
The EUDR risk assessment uses specific indicators and datasets to evaluate deforestation or forest degradation within and around the project area.

- **Tree Cover Loss by Dominant Driver:** Shows primary reasons for tree cover loss within each 10 km grid of the project area, detailing loss extent and severity from 2001 to 2022.
- **Perimeter Analysis:** Examines deforestation and degradation within 100 meters of the project boundary, determining if plot activities cause deforestation beyond the boundaries. Uses data from the Tropical Moist Forest dataset (2020-2021).
- **Nearby Deforestation:** Assesses if the project is within 5 km of a deforestation hotspot or significant forest loss area. Projects in these zones face increased scrutiny due to their potential impact on surrounding forests.



Seamless Supplier Data Collection

With Compliance Orb you can easily gather data from your suppliers using a convenient and shareable link, ensuring efficient and accurate compliance data collection.



The screenshot displays a web interface for an EUDR report. At the top, a dark blue header contains the text "Share public link" in white. Below this header, three icons are visible: a gear for settings, a share icon, and a printer icon. A blue arrow points from the share icon to the "Share public link" text. The main content area is titled "Oil palm plantation - EUDR report" and includes a section for "EUDR Project Compliance Report and Screening" with a link to "Regulation (EU) 2023/1115". Below this is a "General information" section with a list of criteria for assessment. On the right side, there is a satellite map of an oil palm plantation with a green rectangular overlay indicating a specific plot area.

Share public link

Oil palm plantation - EUDR report

EUDR Project Compliance Report and Screening

[Regulation \(EU\) 2023/1115](#), adopted by the European Parliament and the Council on May 31, 2023, pertains to the facilitation of certain commodities and products associated with deforestation and forest degradation within the Union market, as well as their export from the Union. This regulation supersedes Regulation (EU) No 998/2010

General information

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How Orbify Can Assist You in Getting EUDR Compliant

Compliance Orb combines comprehensive assessments to assist you in your EUDR compliance journey.

If you want to ensure your plots are EUDR compliant with just a few clicks or in case you need further assistance, our team of experts is standing by to answer any questions and create a personalized demo for you.

[Talk with our expert and book a customized demo with us!](#)



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www.orbify.com



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