

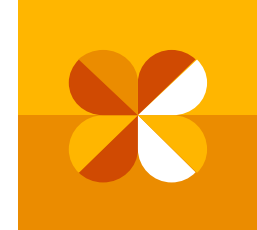


Deforestation

Regulation (EUDR)

Deforestation Regulation (EUDR) - Summary

To prevent supply chain disruptions and penalties, companies should consider the impact of the EUDR on their supply chain and timely prepare for the new obligations effective per 30 December 2024



What is the purpose of this Regulation?

Effectively **combat deforestation, forest degradation and promote deforestation-free supply chains** while taking into account the protection of human rights and rights of indigenous peoples and local communities globally and to reduce the European Union's contribution to GHG emissions and global biodiversity loss. Relevant commodities and relevant products **shall not** be placed or made available on the market or exported, **unless**:

- they are deforestation-free;
- they have been produced in accordance with the relevant legislation of the country of production; and
- they are covered by a due diligence statement.

Who is affected and which obligations apply?

Obligations for operators and traders, i.e. everyone in the course of a commercial activity **placing (importing) or making available (supplying/trading)** commodities and products **on the EU market** in return for payment or for free, as well as **exporting** from EU to comply with the deforestation-free and legality requirements of the EUDR.

Companies in scope should establish and implement due diligence systems consisting of:

1. information requirements
2. risk assessment measures
3. risk mitigation measures

Completed by **reporting obligations** such as making available **due diligence statements** when placing products on the market or exporting and an **annual public reporting obligation** for non-SMEs. **Systems** should be available to support this throughout the supply chain.

Which commodities/products are in scope?

The Regulation covers the most relevant commodities in the Union consumption in terms of driving global deforestation and forest degradation:

Cattle	incl. live cattle, meat, leather
Cocoa	incl. beans, paste, butter, powder, chocolate
Coffee	incl. roasted, unroasted, decaf, substitutes
Oil Palm	incl. nuts, kernel, acids
Rubber	incl. natural, compounded, tyres, inner tubes
Soya	incl. beans, flower, oil
Wood	incl. printed books, furniture, pallets

What is the risk of non-compliance?

Risk of business disruption in addition to penalties and exposure.

Varying per product and country of origin but competent authorities to take appropriate actions including seizure, suspension of placing on market/export, recall of non-compliant products and imposing penalties (maximum amount at least 4 % of the operator's or trader's total annual EU-wide turnover) or sanctions.

In addition, publication on website of EU Commission of a list of final judgments against companies for infringements of this EUDR (including name, date and summary of infringements) and infringements/penalties imposed on them.

Relevant industries?

Among others:

Commodities
Food & Beverages
Baby formula
Fashion
Cosmetics
Health & personal care
Paper & packaging
Chemicals
Cleaning products
Furniture stores

Among others:

Animal feed industry
Construction
Bicycle industry

When will it come into effect?

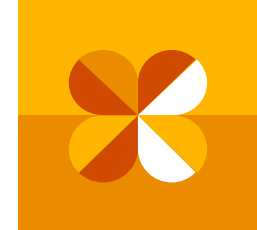
30 December 2024 (half year extension to 30 June 2025 for small and micro enterprises).

Products must however already be deforestation-free as from **31 December 2020** (cut-off date).

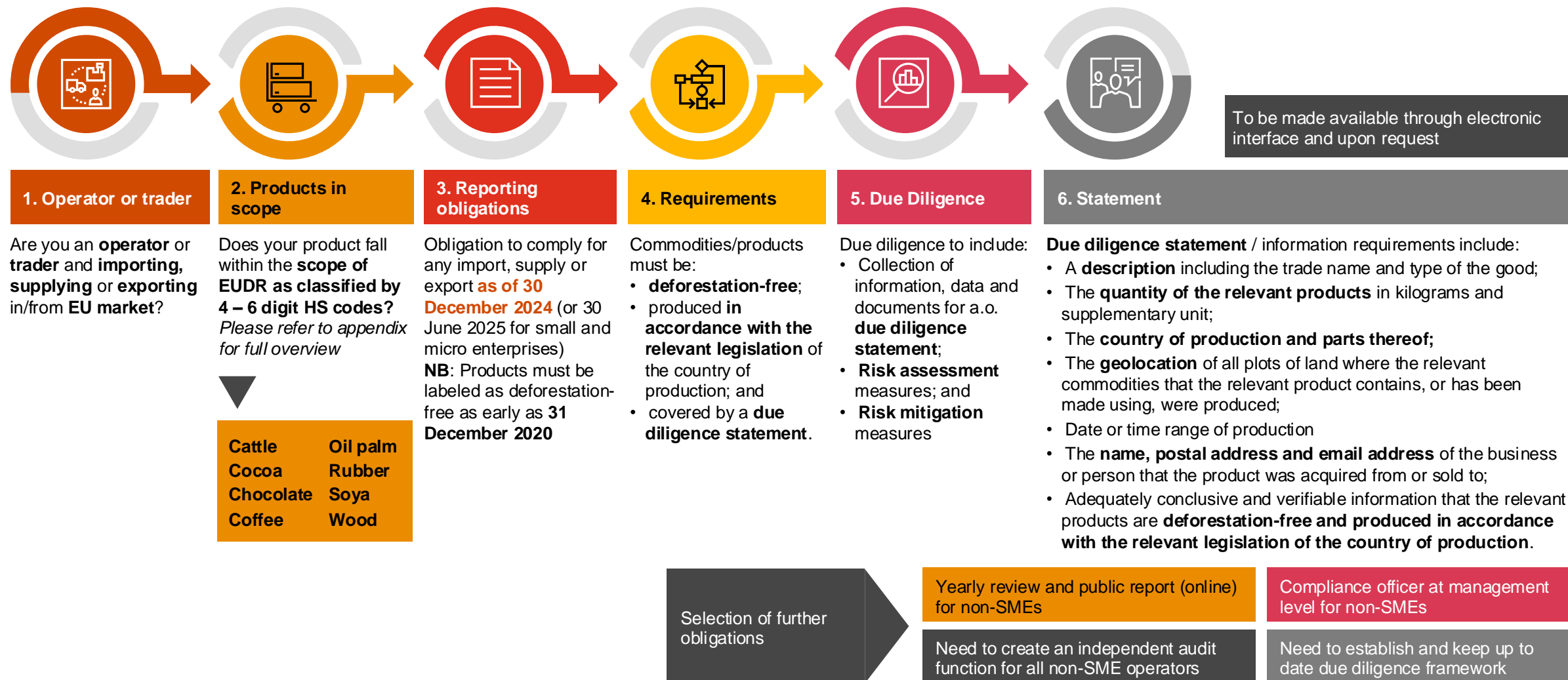
* Different requirements for non-SMEs and SMEs. Responsibilities for EU established parties in supply chain with non-EU established operators.

Deforestation Regulation (EUDR)

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Deforestation Regulation (EUDR) – Further details and reporting





Deforestation Regulation (EUDR) – Appendix commodities/products in scope

Cattle

0102 21 , 0102 29 Live cattle
 ex 0201 Meat of cattle, fresh or chilled
 ex 0202 Meat of cattle, frozen
 ex 0206 10 Edible offal of cattle, fresh or chilled
 ex 0206 22 Edible cattle livers, frozen
 ex 0206 29 Edible cattle offal (excluding tongues and livers), frozen
 ex 1602 50 Other prepared or preserved meat, meat offal, blood, of cattle
 ex 4101 Raw hides and skins of cattle (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split
 ex 4104 Tanned or crust hides and skins of cattle, without hair on, whether or not split, but not further prepared
 ex 4107 Leather of cattle, further prepared after tanning or crusting, including parchment-dressed leather, without hair on, whether or not split, other than leather of heading 4114

Cocoa

1801 Cocoa beans, whole or broken, raw or roasted
 1802 Cocoa shells, husks, skins and other cocoa waste
 1803 Cocoa paste, whether or not defatted
 1804 Cocoa butter, fat and oil
 1805 Cocoa powder, not containing added sugar or other sweetening matter

Chocolate

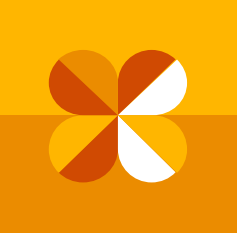
1806 Chocolate and other food preparations containing cocoa

Coffee

0901 Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion

Oil palm

1207 10 Palm nuts and kernels
 1511 Palm oil and its fractions, whether or not refined, but not chemically modified
 1513 21 Crude palm kernel and babassu oil and fractions thereof, whether or not refined, but not chemically modified
 1513 29 Palm kernel and babassu oil and their fractions, whether or not refined, but not chemically modified (excluding crude oil)
 2306 60 Oilcake and other solid residues of palm nuts or kernels, whether or not ground or in the form of pellets, resulting from the extraction of palm nut or kernel fats or oils
 ex 2905 45 Glycerol, with a purity of 95 % or more (calculated on the weight of the dry product)
 2915 70 Palmitic acid, stearic acid, their salts and esters
 2915 90 Saturated acyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives (excluding formic acid, acetic acid, mono-, di- or trichloroacetic acids, propionic acid, butanoic acids, pentanoic acids, palmitic acid, stearic acid, their salts and esters, and acetic anhydride)
 3823 11 Stearic acid, industrial
 3823 12 Oleic acid, industrial
 3823 19 Industrial monocarboxylic fatty acids; acid oils from refining (excluding stearic acid, oleic acid and tall oil fatty acids)
 3823 70 Industrial fatty alcohols



Deforestation Regulation (EUDR) – Appendix commodities/products in scope (continued)

Rubber

4001 Natural rubber, balata, gutta-percha, guayule, chicle and similar natural gums, in primary forms or in plates, sheets or strip
 ex 4005 Compounded rubber, unvulcanised, in primary forms or in plates, sheets or strip
 ex 4006 Unvulcanised rubber in other forms (e.g. rods, tubes and profile shapes) and articles (e.g. discs and rings)
 ex 4007 Vulcanised rubber thread and cord
 ex 4008 Plates, sheets, strips, rods and profile shapes, of vulcanised rubber other than hard rubber
 ex 4010 Conveyor or transmission belts or belting, of vulcanised rubber
 ex 4011 New pneumatic tyres, of rubber
 ex 4012 Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber
 ex 4013 Inner tubes, of rubber
 ex 4015 Articles of apparel and clothing accessories (including gloves, mittens and mitts), for all purposes, of vulcanised rubber other than hard rubber
 ex 4016 Other articles of vulcanised rubber other than hard rubber, not elsewhere specified in chapter 40
 ex 4017 Hard rubber (e.g. ebonite) in all forms including waste and scrap; articles of hard rubber

Soya

1201 Soya beans, whether or not broken
 1208 10 Soya bean flour and meal
 1507 Soya-bean oil and its fractions, whether or not refined, but not chemically modified
 2304 Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil

Wood

4401 Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms
 4402 Wood charcoal (including shell or nut charcoal), whether or not agglomerated
 4403 Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared
 4404 Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking sticks, umbrellas, tool handles or the like; chipwood and the like
 4405 Wood wool; wood flour
 4406 Railway or tramway sleepers (cross-ties) of wood
 4407 Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm
 4408 Sheets for veneering (including those obtained by slicing laminated wood), for plywood or for other similar laminated wood and other wood, sawn lengthwise, sliced or peeled, whether or not planed, sanded, spliced or end-jointed, of a thickness not exceeding 6 mm
 4409 Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed
 4410 Particle board, oriented strand board (OSB) and similar board (for example, waferboard) of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances
 4411 Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances
 4412 Plywood, veneered panels and similar laminated wood
 4413 Densified wood, in blocks, plates, strips or profile shapes
 4414 Wooden frames for paintings, photographs, mirrors or similar objects



Deforestation Regulation (EUDR) – Appendix commodities/products in scope (continued)

Wood

- 4415 Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood
(not including packing material used exclusively as packing material to support, protect or carry another product placed on the market)
- 4416 Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves
- 4417 Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood
- 4418 Builders' joinery and carpentry of wood, including cellular wood panels, assembled flooring panels, shingles and shakes
- 4419 Tableware and kitchenware, of wood
- 4420 Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in Chapter 94
- 4421 Other articles of wood
- Pulp and paper of Chapters 47 and 48 of the Combined Nomenclature, with the exception of bamboo-based and recovered (waste and scrap) products
- ex 49 Printed books, newspapers, pictures and other products of the printing industry, manuscripts, typescripts and plans, of paper
- ex 9401 Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof, of wood
- 9403 30, 9403 40, 9403 50, 9403 60 and 9403 91 Wooden furniture, and parts thereof
- 9406 10 Prefabricated buildings of wood



*Except for by-products of a manufacturing process, where that process involved material that was not waste as defined in Article 3, point (1), of Directive 2008/98/EC, this Regulation does not apply to goods if they are produced entirely from material that has completed its lifecycle and would otherwise have been discarded as waste as defined in Article 3, point (1), of that Directive.

Thank you



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