



Understanding the requirements of the EU Deforestation Regulation (EU) 2023/1115

Japan, July 2023

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Introduction to the regulation

What will happen to the EU Timber Regulation?



The EU “Deforestation Regulation” will replace the EU Timber Regulation.

Many of the due diligence obligations are similar.



Scope of products expands beyond the EU Timber Regulation

Products containing paper, cardboard, wood fibre or wood
+ Printed materials, charcoal products, tools, wood wool/flour, coffins, all types of seats...

Places requirements on EU industries in order to:

“..**minimise consumption** of products coming from supply chains associated with deforestation or forest degradation - and **increase EU demand** for and trade in legal and ‘deforestation free’ commodities and products.”



Timelines for implementation

Publication of the regulation in the Official Journal of the EU on 9th June 2023.



Commodity scope

The following commodities are within the scope of the proposed regulation:



Wood



Soy



Rubber



Cattle



Coffee



Palm oil



Cocoa



Derived products such as leather, chocolate or furniture, printed paper, charcoal...

Detailed scope based on the EU “Combined Nomenclature” (custom codes) in Annex to regulation.

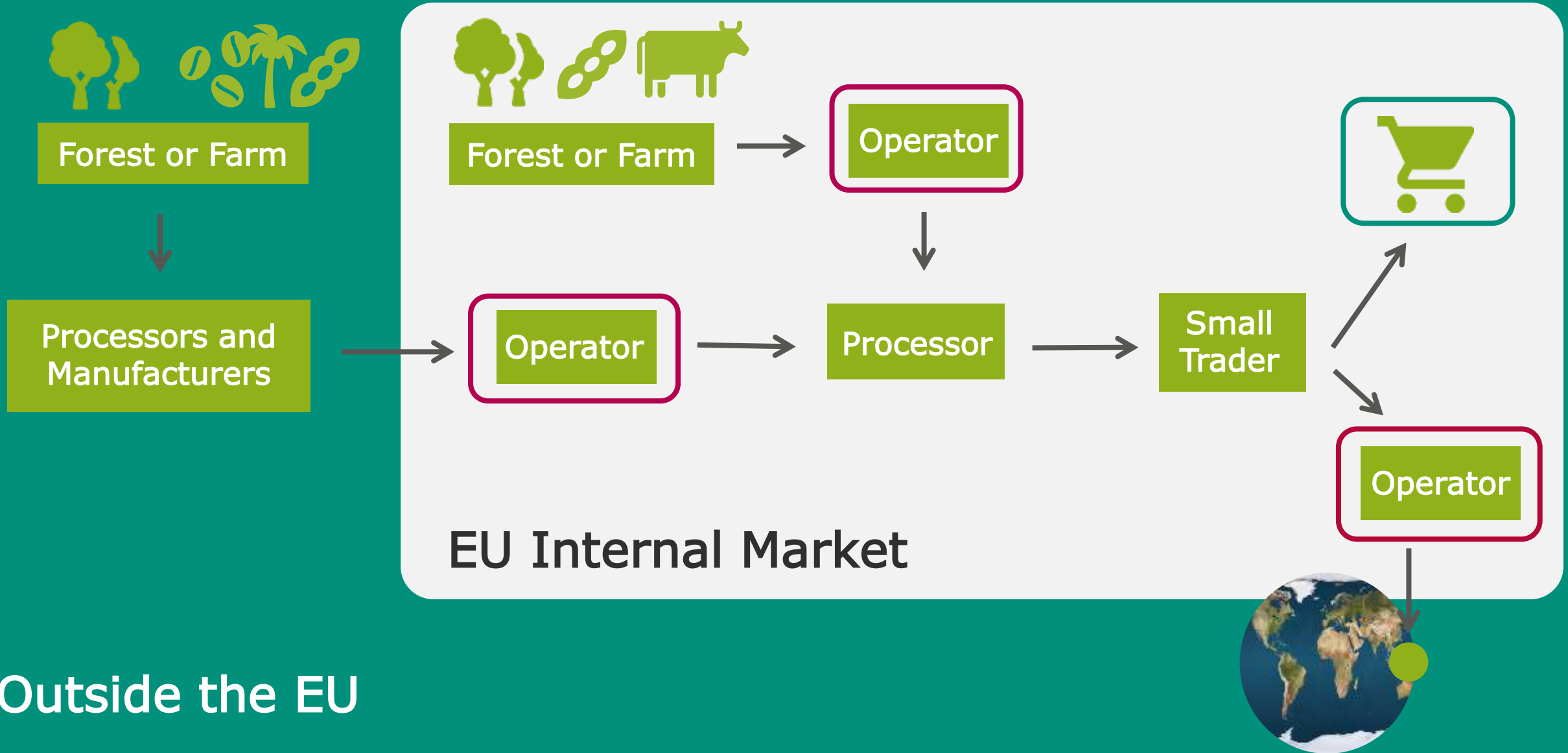


Key Actors



‘Operator’ means any entity which, in the course of a commercial activity, **places relevant commodities and products on the EU market** OR **exports** them from the EU market

Operators & Traders



Outside the EU



Obligations on Operators

Obligations: Operators

- 1** Prohibition to place on the EU market (or export these) if they do not meet the following:
 - they are **deforestation-free**;
 - they have been **produced in accordance with the relevant legislation of the country of production**
 - they are covered by a **due diligence statement**
 - include list of **geolocations of harvesting sites**
- 2** Exercise **due diligence** through a system and procedures

What is deforestation free?

'**deforestation-free**' means that the relevant products **contain**, have been **fed with** or have been **made using** commodities :

(a) that were produced on land that has not been subject to deforestation after **December 31, 2020**

and

(b) for **wood-products**, that forest has been harvested without inducing **forest degradation** after **December 31, 2020**

What is deforestation free?



Primary Forest

- Naturally regenerated. Native tree species. No clearly visible indications of human activities. No ecological processes are disturbed

Naturally Regenerated Forest

- Trees established through natural regeneration.
- Native or non-native species

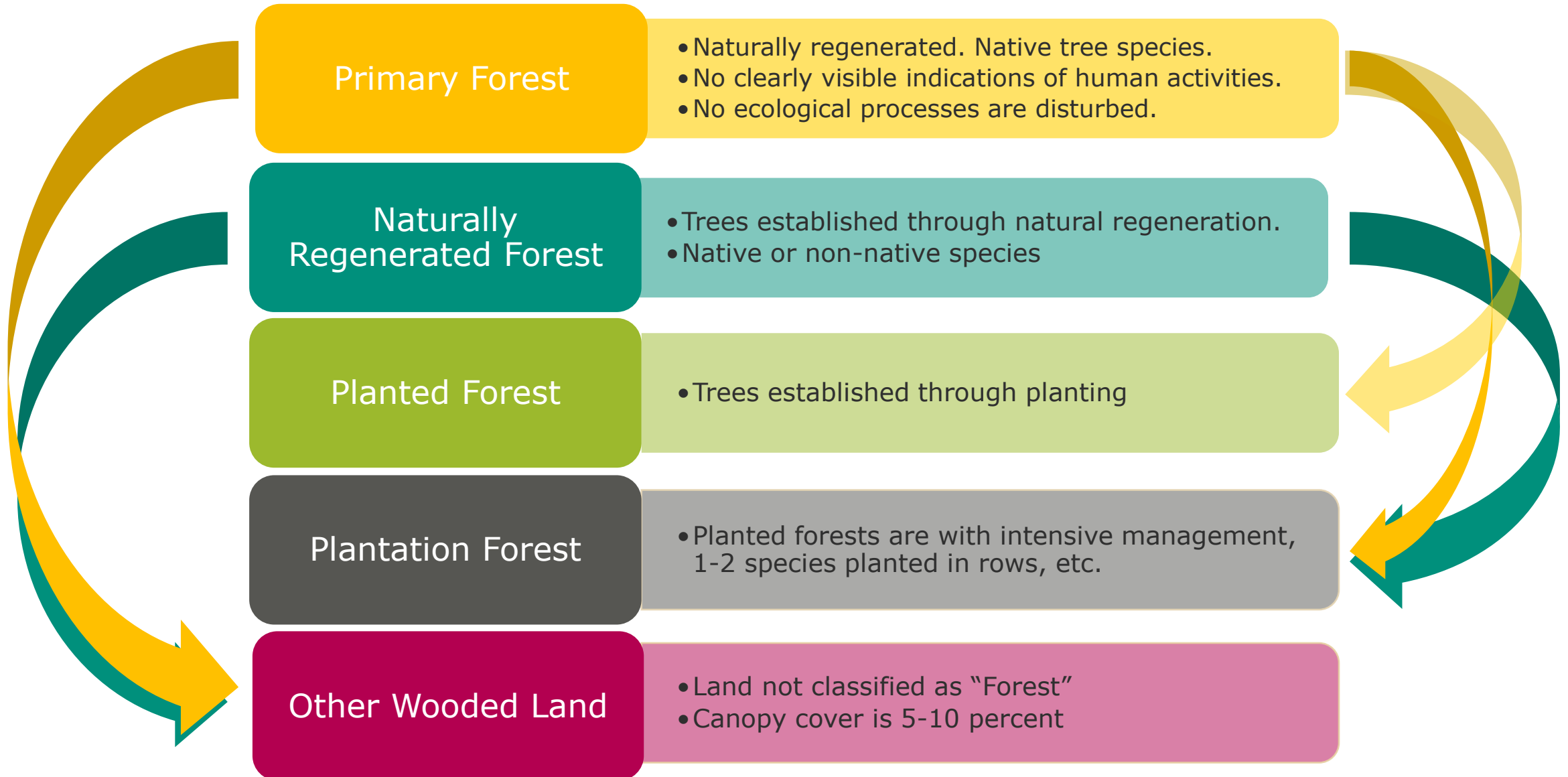
Planted Forest

- Trees established through planting

Agriculture

Conversion to other land use is outside the EUDR

Definition of “forest degradation”



Obligations on Operators – legal requirements

Legality is defined as compliance with “relevant legislation” in the country of production, in terms of:



land use rights



human rights protected under international law



environmental protection



third parties' rights



forest-related regulations



principle of FPIC, including as per UNDRIP



labour rights



tax, anti-corruption, trade and customs regulations



EUDR Indicators

Sustainability Framework Programme

16

actions to conform with the EU Deforestation Regulation

for farmers & foresters



- 01** Don't convert forest to agriculture. Don't degrade natural forests into planted forests or plantations.
- 02** Make sure your land rights are secure, registered and have clear boundaries.
- 03** Follow all legal requirements for land use, management planning, operational activities, harvesting or production and information sharing.
- 04** Ensure that land management rights are in place and registered as legally required.
- 05** Respect human rights and make sure your activities don't contribute to armed conflict.
- 06** Protect your land from illegal encroachment by others.
- 07** Obey the laws for employment, including child labour, modern slavery, workers' rights, working hours, recruitment, discrimination, wages, workplace safety, housing, gender equality in the workplace and parental leave.
- 08** Respect and uphold the rights of Indigenous Peoples, following the principles of Free, Prior and Informed Consent (FPIC).
- 09** Communicate with Indigenous Peoples in a respectful and culturally appropriate manner and respect their customary and community rights.
- 10** Comply with legal requirements related to biodiversity conservation, protected sites, and endangered or protected species.
- 11** Respect the law for chemical use, waste management, water use and protection, and soil management.
- 12** Pay all required taxes and fees, including royalties, land/area taxes, value-added taxes, corporate taxes and trade taxes.
- 13** Observe legal rules for trade, transport and product classification.
- 14** Follow legal requirements on corruption, including bribery and fraud.
- 15** Ensure your animal feed comes from sources that do not contribute to deforestation.
- 16** Inform your customers of the geolocation of the plot(s) of land, together with the harvesting or production dates.





Due Diligence requirements





Due diligence Obligations

The Regulation includes due diligence requirements for:

Collection
of
information



Risk
assessment



Risk
mitigation

Information requirements

- Description of product (trade name/scientific name)
- Quantity
- Country of production
- **Geolocation** of all **plots of land** where the relevant commodities were produced, as well as **date or time range of production**
- Supplier name
- Buyer name
- Verifiable evidence that product is “deforestation free”
- Verifiable evidence that product is produced in compliance with relevant legislation











Preferred by Nature | FAO project

Make a common
Protocol for the
transfer of (EUDR)
geolocation data
through supply chains



Geolocation data Protocol

-  Commonly agreed approach / formats
-  Digital systems need adjustment to ensure consistent origin data
-  Fast-track approach
-  Bringing in key organisations
-  Work together to develop a common Protocol



May
2023

September
2023

Operators shall verify and analyse information collected for the purposes of evaluating risk.

Risk assessments shall be:

- documented, with justified risk conclusions
- reviewed at least on an annual basis and made available to the competent authorities upon request.



Risk specification: Sourcing Hub

Timber



Palm oil



Beef



Soy



Country pages
includes
relevant risk data
and free
downloadable tools

World maps of
risks



www.preferredbynature/sourcinghub

The Sourcing Hub
helps companies
ensure responsible
sourcing
of timber, cattle,
soy and palm oil
from
65 countries
in the world

Low risk

- Temporary
- Unusual or non-systematic
- Limited in their impact
- Effectively controlled by monitoring and enforcement by efficient and effective government agencies

Specified risk

- Affect a wide area and/or causes significant damage and/or continues over a long period of time
- Indicate the absence or breakdown of **enforcement of the legal system**
- Are not corrected or adequately responded to when identified.
- Has a **significant negative impact** on society, the production of forest products and other services, the forest ecosystem and the people directly and indirectly affected by forest operations

Scope

Sources and
Information

Evaluation

Conclusion

Risk
mitigation



Risk mitigation




Operators shall:

- have in place adequate and proportionate policies, controls and procedures **to mitigate and manage risks**
- adopt **risk mitigation procedures** and measures that are adequate to reach no or negligible risk **PRIOR** to placing on the market or exporting



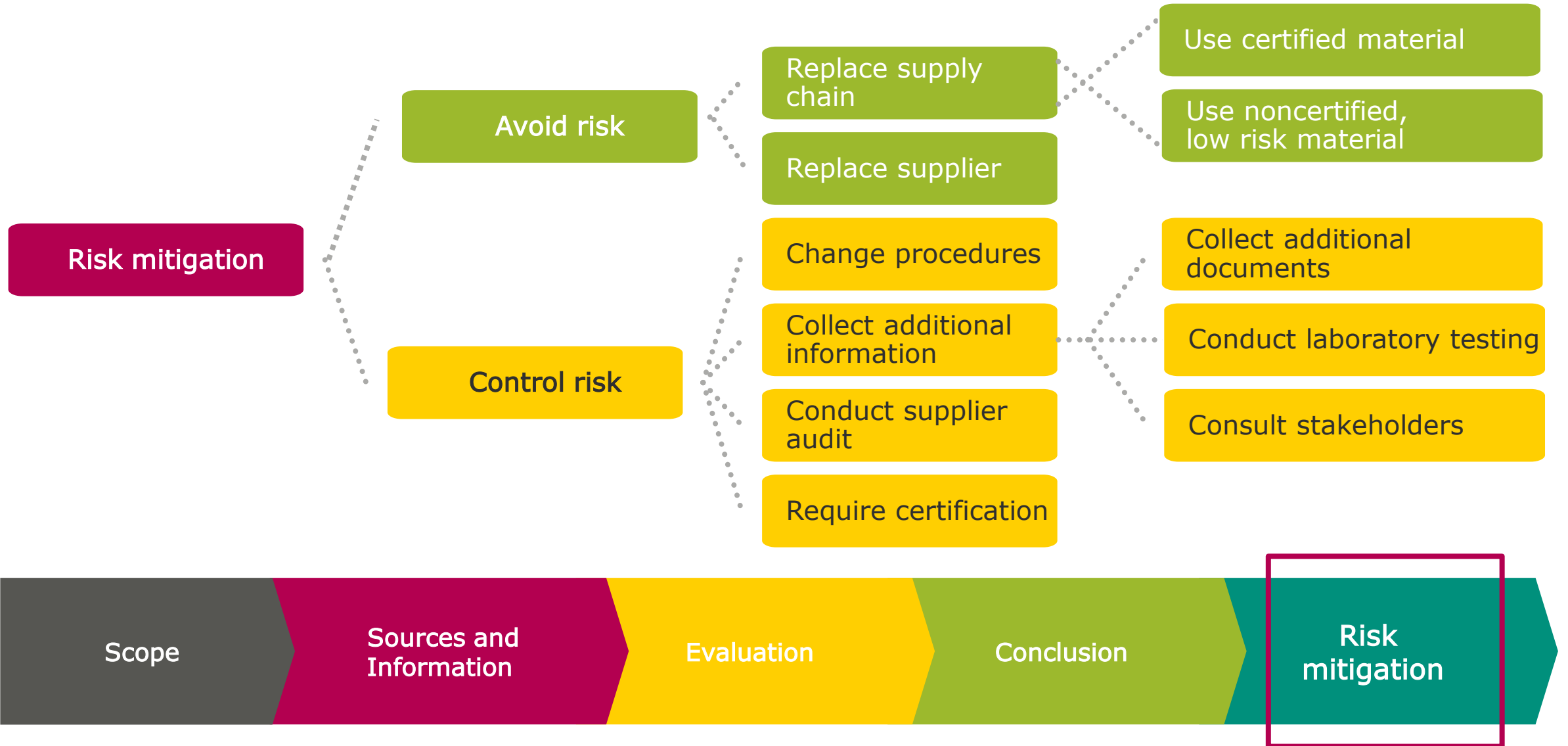


Supplier
cooperation is
KEY

-  The better the risk is specified and understood, the more appropriate the mitigation action
-  Each risk must be addressed.
-  Verify and justify effectiveness.



Risk mitigation can take different paths...

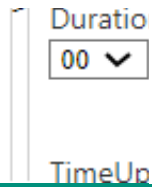


A close-up photograph of a person's hands using a curved tapping knife to make a diagonal cut in the bark of a rubber tree. The person is wearing a black long-sleeved shirt with colorful patterns. The background is blurred, showing more of the person and some equipment. A dark bowl is visible in the lower foreground.

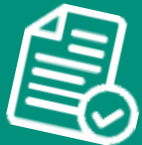
Preparing for the regulation

Where does operators need to be in 18 months

537 days



Have in place a fully functioning – and compliant - due diligence system to avoid sourcing products associated with deforestation, forest degradation and legal non-compliance.



29th Jun
2023

30th Dec
2024

30th Jun
2025

18 months

24 months: operators that are small or microenterprises enterprises

What robust Due Diligence looks like...

- Public **policy commitment** to legal and deforestation-free commodity sourcing
- A Due Diligence System and related processes, covered by **documented procedures**
- **Qualified team in place**, responsible for implementation
- **Suppliers** are engaged. They are aware of - and acting upon - their responsibilities
- Supply chains are identified and traceable back to the point of production or harvest (**geolocation**)



Questions and discussion

