



## **Deforestation-free Global Value Chains**

### **Navigating EUDR Due Diligence Obligations**

#### **Module 6: Step-by-step operational guidance for companies**

(Latest update: 2 October 2024)

#### **DISCLAIMER**

This handbook is not an official document of the European Union. It has been developed by the International Trade Centre (ITC) and its partners to assist businesses in navigating the implementation mechanisms of the new EU Deforestation-Free Products Regulation (EUDR). This document is subject to continuous updates to ensure it remains current with evolving regulations and industry practices. The latest version of this handbook can be accessed online on the ITC's website.

## Contents

Acknowledgment .....	4
Acronyms .....	5
Introduction .....	6
Operational guidance.....	7
Overall structure .....	8
I. Understanding EUDR obligations: different categories of companies .....	9
Category 1: Operators.....	9
Category 2a: Downstream operators that are not SMEs .....	9
Category 2b: Downstream operators that are SMEs .....	9
Category 3a: Traders that are not SMEs.....	9
Category 3b: Traders that are SMEs.....	10
Category 4: Suppliers to the EU market.....	10
II. Practical steps for compliance to EUDR .....	11
Step 1: Understand your obligations.....	12
Step 2: Understand EUDR due diligence requirements .....	14
Step 3: Data collection .....	15
Operational guidance for Operators: .....	16
Operational guidance for non-SME downstream operators:.....	18
Operational guidance for SME downstream operators: .....	19
Operational guidance for non-SME Traders:.....	20
Operational guidance for SME Traders: .....	22
Operational guidance for Suppliers: .....	23
Step 4: Risk Assessment.....	25
Operational guidance for Operators: .....	26
Operational guidance for non-SME downstream operators:.....	28
Operational guidance for SME downstream operators: .....	28
Operational guidance for non-SME Traders:.....	28
Operational guidance for SME Traders: .....	29
Operational guidance for Suppliers: .....	29
Step 5: Risk Mitigation .....	31
Operational guidance for Operators: .....	32
Operational guidance for non-SME downstream operators:.....	33
Operational guidance for SME downstream operators: .....	33
Operational guidance for non-SME Traders:.....	33

Operational guidance for SME Traders: .....	34
Operational guidance for Suppliers: .....	34
Step 6: Submit Due Diligence Statement .....	35
Step 7: Monitoring and Reporting .....	36
III. Verifications and inspections .....	37
Annex 1: EUDR Information Requirements Checklist .....	39
Annex 2: Risk Assessment Checklist (Operators) .....	40
Annex 3: Risk Assessment Checklist (Suppliers).....	41
Annex 4: Risk Mitigation Checklist (Operators).....	42

## Acknowledgment

The International Trade Centre (ITC) has been deeply engaged in addressing the issue of deforestation within global value chains since early 2022. This initiative has been supported by a robust network of key stakeholders, including global value chain actors, industry associations, international cooperation agencies, public sector institutions, civil society, and non-governmental organizations. As a joint agency of the United Nations and the World Trade Organization, ITC plays a crucial role in facilitating neutral and inclusive dialogues among all relevant parties. This collaborative approach is essential for designing and implementing effective regulations, standards, and due diligence mechanisms to mitigate the risks of deforestation in global value chains.

The development of this business guide on the new EU Deforestation-Free Products Regulation (EUDR) would not have been possible without the invaluable contributions of our diverse partners. Their expertise has been instrumental in crafting comprehensive business scenarios, concrete examples, and detailed case studies that elucidate compliance mechanisms. These contributions have also been pivotal in clarifying the obligations and responsibilities of companies concerning their business partners, whether they are clients or suppliers.

This document will be continuously updated and enriched to reflect new developments and insights. We encourage all users and readers to check for the latest versions available on ITC's dedicated webpage ([www.intracen.org](http://www.intracen.org)).

ITC would like to extend special thanks to the various partners who have generously shared their knowledge and experience. Their collaboration has greatly enriched the preparation of this handbook, ensuring it serves as a practical and insightful resource for businesses navigating the complexities of the EUDR. This guide stands as a testament to the collective effort and shared commitment to fostering deforestation-free global value chains.

Among such partners who have actively collaborated to the elaboration of these handbooks are:

- United Nations Development Programme (UNDP)
- United Nations Environment Programme (UNEP)
- World Resources Institute (WRI)
- The Centre for the Promotion of Imports from Developing Countries (CBI)
- European Feed Manufacturers' Federation (FEFAC)
- European Cocoa Association (ECA)
- European Coffee Federation (ECF)
- Asociación Española del Café (AECafé)

Particular thanks also go to independent expert Duncan Brack<sup>1</sup> for his contributions.

---

<sup>1</sup> [www.drack.org.uk](http://www.drack.org.uk)

## Acronyms

**CSRD** Corporate Sustainability Reporting Directive

**CSDDD** Corporate Sustainability Due Diligence Directive

**DDS** Due Diligence Statement

**EU** European Union

**EUDR** European Union Deforestation-free products Regulation

**ITC** International Trade Centre

## Introduction

The European Union Deforestation Regulation (EUDR), in force as of June 29, 2023, marks a significant paradigm shift in the operation of global value chains in commodities such as coffee, cocoa, palm oil, cattle, rubber, soya and wood, as well as selected derived products such as chocolate, leather, tyres or furniture.

This series of 6 modules of EUDR Compliance Handbooks has been developed by ITC to provide insights into the intricate landscape of EUDR implementation and is written for businesses engaged in EUDR-affected value chains, enabling a methodical understanding of steps towards compliance:

- Module 1: Introduction to EUDR
- Module 2: EU-based operations with non-EU Suppliers
- Module 3: EU-based operations with EU Suppliers
- Module 4: Non-EU companies targeting EU market
- Module 5: Technology solutions in context of EUDR
- Module 6: Step-by-step operational guidance for companies

Through concrete business scenarios, the handbooks outline the fundamental principles and responsibilities inherent in the EUDR. These scenarios are instrumental in demystifying the core concepts, obligations, scope, and implementation processes associated with the regulation. Furthermore, this resource equips businesses with ways to assess their current standing, identify areas for improvement, and clarify the extent of their responsibilities, liabilities, and potential risks under the regulation.

Additionally, the handbooks showcase potential areas for external support and offers a list of resources that businesses can leverage in their journey towards EUDR compliance, which becomes obligatory, for most companies placing commodities on the EU market, from **30 December 2025**<sup>2</sup>.

We trust that these handbooks will prove to be a valuable resource and invite feedback and comments from all interested stakeholders. Your inputs will be instrumental in enriching the document with real-world stories, examples, and testimonials from businesses, bridging the gap between theoretical business-case scenarios and practical experiences on the ground.

By continuously updating and enriching the 6 modules, we hope to underscore the solutions to complexities in the context of implementing and complying to EUDR requirements.

If you would like to contribute to these handbooks and provide your comments, experiences, and feedback, please reach out to Mathieu Lamolle, Senior Advisor, EUDR focal point at the Green and Inclusive Value Chains section, International Trade Centre (ITC), via email at: [lamolle@intracen.org](mailto:lamolle@intracen.org).

---

<sup>2</sup> Latest news from EC on 02 October 2024: [EU Deforestation Regulation implementation \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/item/11738)

## Operational guidance

The EUDR is based on the following main components:

- A prohibition on first placing or making available designated commodities and products on the EU market or exporting them from the EU unless they are deforestation-free after 2020 and have been produced in accordance with relevant legislation of the country of production.
- An obligation on companies placing the products on the market or exporting them to exercise due diligence to ensure compliance with these criteria, and to file a due diligence statement when placing them on the market or exporting them.
- A 'benchmarking system' to assess the level of risk that products from producing countries, or parts of them, may not be in compliance with those criteria.

The commodities covered are cattle, cocoa, coffee, oil palm, rubber, soya and wood. The precise products are specified by their customs codes, and include several semi-processed and processed products, such as chocolate and leather. The list of products will be reviewed in 2025, and periodically thereafter; possible additions include maize and biofuels.

This handbook provides operational guidance for companies aiming to comply with the EUDR. It targets operators and traders placing products on EU markets, including small and medium-sized enterprises both within and outside the EU. The guide clarifies company responsibilities based on their roles in global value chains and serves various audiences: companies legally responsible for EUDR compliance, their suppliers, and upstream value chain actors involved in production, manufacturing, and delivery to EU markets.

This guide is intended to be shared across all value chain actors, from sourcing commodities covered by the EUDR to their transformation, manufacturing, trading, distribution, and retail. It offers tailored advice to each type of actor, focusing on achieving compliance and providing practical steps for implementation.

## Overall structure

This handbook offers step-by-step operational guidance to companies to comply with EUDR and it is structured around three areas:

### ➤ **I. Understanding EUDR obligations**

The first section aims to help companies grasp their specific obligations under the EUDR, depending on their role in the supply chain. It provides clarity on the levels of responsibility and guides companies in identifying the necessary steps for compliance. By understanding their position, companies can better assess their duties and prepare effectively.

### ➤ **II. Practical steps for compliance**

The second section delves into the actionable steps required from different supply chain participants. It outlines a collaborative approach, ensuring companies not only understand their tasks but also recognize what they can request from their suppliers and what their customers may demand from them. This integrated perspective fosters a comprehensive understanding of the entire compliance process, enhancing cooperation across the supply chain.

### ➤ **III. Verification and inspections**

The third section explains the processes through which EU member state authorities will carry out verifications and inspections. It details the methods and criteria used to assess compliance, helping companies prepare for official reviews and maintain readiness for inspections.

Please note that this guide will be continuously updated and enriched with new information, case studies, and examples. As the ITC receives input from partner organizations and industry stakeholders, and as the European Commission releases updated FAQs and clarifications on EUDR technicalities, the guide will reflect these enhancements to support ongoing compliance efforts.



## I. Understanding EUDR obligations: different categories of companies

### Category 1: Operators

**Operators** are the first companies to place products on the EU market falling under the scope of EUDR (e.g. companies that import products into the EU market). Operators must create a due diligence system to ensure products are deforestation-free and legally produced. This involves collecting information on the source of the products, conducting a risk analysis and taking steps to reduce any risks identified. While the EUDR doesn't specify exact procedures, it's up to each company to develop and implement this system. Operators need to submit a "due diligence statement" (DDS) online in the EU Information System before placing products on the market. This statement must include geolocation details of the production areas. Operators should be prepared for inspections by EU authorities to prove their due diligence system is effective and that the risk is negligible.

*NB: All these obligations also apply to companies exporting products from the EU; for ease of reading we have not mentioned exporting in the rest of this document.*

### Category 2a: Downstream operators that are not SMEs

**Non-SME downstream operators** are large companies (non-SMEs<sup>3</sup>) that first place products listed in the EUDR on the EU market that have been made from, or contain, other products also listed in the EUDR that they have sourced from an operator (e.g. companies manufacturing chocolate - a product listed in the EUDR - from cocoa that is another product listed in the EUDR imported by another company). Downstream operators must satisfy themselves that due diligence was exercised by the operator placing the original products on the EU market – in accordance with the EUDR, including being able to reference the original DDSes into their own DDSes.

*NB: 'Downstream operator' is not a term used in the regulation but is useful to further explain the concept.*

### Category 2b: Downstream operators that are SMEs

**SME downstream operators** are SME companies that first place products listed in the EUDR on the EU market that have been made from, or contain, other products also listed in the EUDR that they have sourced from an operator. SME downstream operators are exempted from the due diligence obligations entirely.

### Category 3a: Traders that are not SMEs

**Non-SME traders** are large (non-SME) companies that source products listed in the EUDR from operators but do not transform them into other products listed in the EUDR. They must perform due diligence just like a downstream operator, including submitting a new DDS before placing products on the EU market.

---

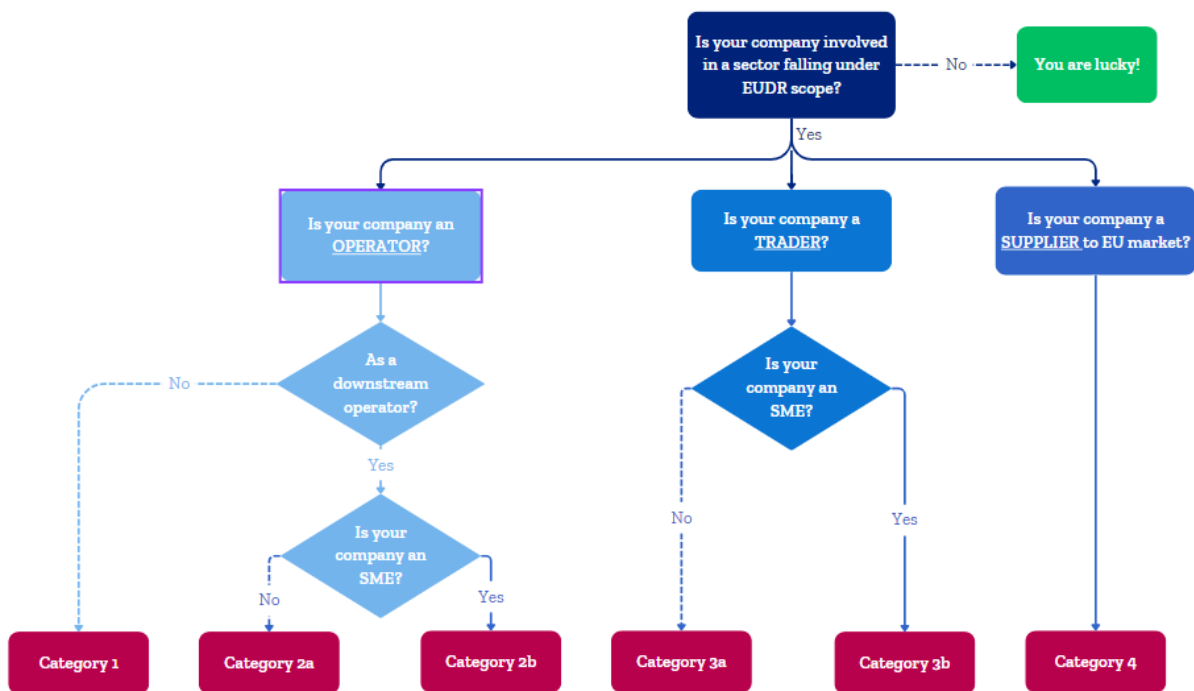
<sup>3</sup> Definition taken from EU Directive 2013/34/EU: Small and medium-size enterprise (SME): a company which does not exceed at least two of these limits: (a) balance sheet total: €20 million; (b) net turnover: €40 million; (c) average number of employees during the financial year: 250.

### Category 3b: Traders that are SMEs

**SME traders** are SME companies that source products listed in the EUDR from operators but do not transform them into other products listed in the EUDR. Their only requirement is to keep records of who they buy the products from and who they sell them to, and details of the accompanying DDSes.

### Category 4: Suppliers to the EU market

**Suppliers to the EU market** are companies involved in the production or trading of products within the scope of the EUDR, but which do not place these products on the EU market themselves (i.e., they are based outside the EU). As such, these companies cannot be classified as Operators or Traders under the EUDR definitions. A key distinction is that if a company owns the product as it enters the EU market, it is classified as an Operator. Suppliers to the EU market are those companies which pass ownership of the products to other companies *before* the products are made available on the EU market. These companies, while not bearing direct legal obligations under the EUDR, often play an essential role by providing critical information to support Operators' due diligence processes, ensuring that products are deforestation-free and legally produced. Thus, they contribute to the compliance efforts of Operators sourcing products for the EU market.



op

## II. Practical steps for compliance to EUDR

In the framework of the EUDR, each category of company bears distinct responsibilities and obligations concerning compliance. The pathway to adherence is structured into systematic steps that encapsulate the entire due diligence process. These steps include:



- Step 1: understanding your obligations;
- Step 2: grasping the specifics of EUDR due diligence requirements;
- Step 3: conducting thorough data collection;
- Step 4: performing risk assessment;
- Step 5: implementing risk mitigation strategies;
- Step 6: submitting the due diligence statement; and
- Step 7: monitoring and maintaining accurate reporting.

The requirements for each step vary significantly across different company categories—ranging from mandatory legal duties to highly recommended proactive actions, or in some cases, no direct action required under EUDR. The guidance provided here aims to clarify these responsibilities, helping each entity identify and execute its required actions efficiently and effectively.

The upcoming sections will detail these steps and outline the specific actions required by each category of company, thereby ensuring a clear understanding and comprehensive compliance with the EUDR.

## Step 1: Understand your obligations

The first essential step for all companies towards compliance with the new EUDR is to thoroughly understand their role and potential obligations under the regulation. This involves assessing whether your company operates within a sector that falls under the scope of the EUDR. If so, it is crucial to determine the specific category your company belongs to: Operator, Trader, or Supplier.

For Operators and Traders, further classification is required to identify if your business qualifies as a Small or Medium-sized Enterprise (SME).

This initial evaluation is vital to prepare effectively and ensure that the necessary actions are taken to meet the requirements of the EUDR.

	1 Your obligation	2 EUDR requirements	3 Data collection	4 Risk assessment	5 Risk mitigation	6 Due diligence statement	7 Monitor & maintain
Category 1: Operator							
Category 2a: Downstream Operator (non-SME)							
Category 2b: Downstream operator (SME)							
Category 3a: Trader (non-SME)							
Category 3b: Trader (SME)							
Category 4: Supplier to EU Market							

Proactive action needed    
 Due diligence obligation    
 Record-keeping obligation    
 No action needed

**For companies falling under category 1:** As an **Operator**, you need to develop your due diligence process and collect all necessary information, run a risk assessment, if non-negligible do risk mitigation until risk is negligible and only then you can submit your due diligence statement and place your products on the EU market (e.g. you import green coffee from Uganda and place it on the EU market).

**For companies falling under category 2a:** As a **Non-SME downstream operator**, you need to develop your due diligence process, which will need to evaluate whether the operators from whom you are sourcing products have themselves conducted due diligence satisfactorily. You will do the full due diligence if part of the product comes from a supplier with no DDS like cat. 1 presented above (e.g. you import palm oil into the EU which you mix with cocoa butter bought from an EU supplier to make chocolate paste).

**For companies falling under category 2b:** As an **SME downstream operator SME**, you are exempt from the obligation to perform due diligence. You would need to provide competent authorities with the reference number of the DDS of the products you've sourced, upon request. For parts of relevant products that have not been subject to due diligence, the SME downstream operators shall exercise due diligence just like Operators (cat. 1 presented above).

**For companies falling under category 3a:** As a **Non-SME trader**, you need to develop your due diligence process which will use information from the existing DDS for the products sourced from companies categorized as operators. As a non-SME trader, you must do the full due diligence process

as if you were an Operator. (e.g. you are a large supermarket in the EU retailing products falling under the scope of EUDR that you source from EU operators).

**For companies falling under category 3b:** As an **SME trader**, you only need to keep records of who you buy the products from and who you sell them to, and details of the accompanying DDSes.

**For companies falling under category 4:** As a **Supplier to the EU market** company based outside the EU, you are **not legally bound to EUDR** obligations, however as a supplier to Operators you need to be ready to provide them with all the necessary information that will be used in their own due diligence processes.

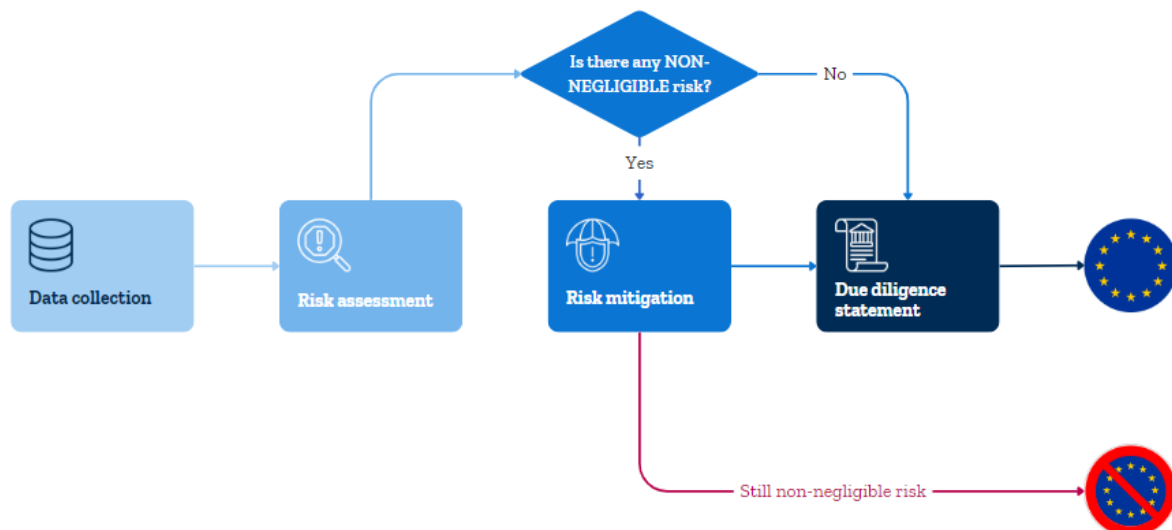
## Step 2: Understand EUDR due diligence requirements

The second critical step toward EUDR compliance is gaining a comprehensive understanding of the due diligence obligations set out by the regulation. This step allows each company to clearly define the specific actions required to fulfil these obligations and ensure full compliance with the EUDR's standards.

The EUDR due diligence requirements are designed to ensure that only deforestation-free and legally produced products are placed on the EU market. The first step is extensive data collection on the products, which gathers key information such as product origins, geolocation, and evidence of compliance with relevant national legislation in the producing country.

Following this, the second step is a thorough risk assessment conducted to evaluate the likelihood of deforestation or illegality in the supply chain. If any non-negligible risks are identified, companies must implement risk mitigation measures to address these issues – the third step.

Only after successfully completing these actions can a company prepare its “Due Diligence Statement” and proceed to place its products on the EU market.



Each category of companies involved in the supply chain—whether Operator, Downstream operator, Non-SME Trader or SME Trader, Supplier—has a distinct role in implementing the due diligence process. While the level of obligations and responsibilities varies depending on the company’s position in the chain, all parties must contribute to the collective effort to ensure compliance. Suppliers are primarily responsible for providing accurate and complete data, while Operators and Traders must thoroughly assess this information, perform risk assessments, and mitigate any identified risks.

Understanding these specific obligations and roles is crucial for ensuring that every company plays its part in meeting the EUDR requirements and protecting EU markets from products linked to deforestation or illegal production.

The subsequent steps toward EUDR compliance will be structured around the core due diligence requirements and will be tailored specifically to the unique obligations of each of the five company categories: Operators, Downstream Operators, Non-SME Traders, SME Traders, and Suppliers.

Each category will receive detailed guidance on how to meet these requirements, ensuring that all companies understand and fulfil their responsibilities within the scope of the EUDR framework.

### Step 3: Data collection

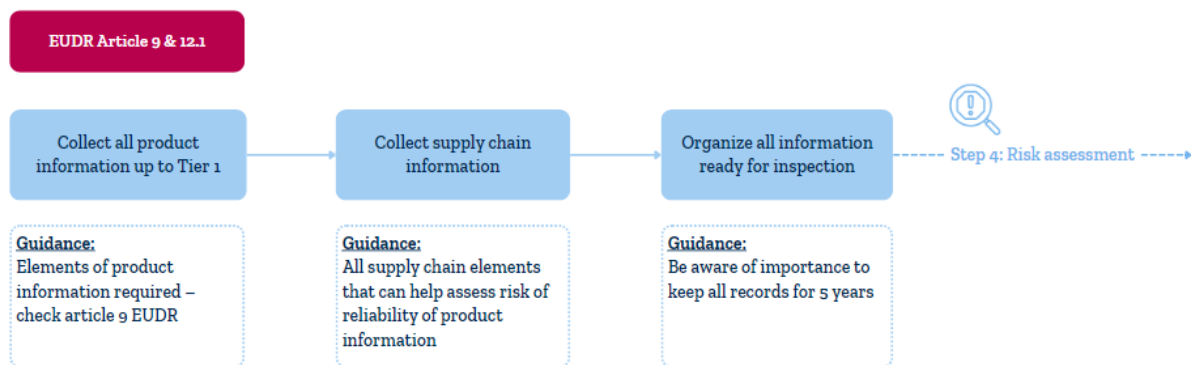
This step focuses on the essential process of data collection, which the due diligence requirements under the EUDR rest on. A workflow has been developed, alongside specific guidance for each of the five categories of companies, to streamline this process.

#### Box 1: Data collection key elements

The information required to be collected is listed in full in Article 9 of the EUDR, and in Annex 1 of this Guide, but in brief it includes:

- Product descriptions, including trade and common names, and scientific names for wood products, and quantities.
- The country of production, specific production areas, and geolocation of all production plots. (For cattle, this includes the geolocation of the birthplace of the animal, farm(s) where it was fed, grazing lands and slaughterhouse.)
- Evidence of deforestation-free status and legality of production.
- Contact details of businesses or persons from whom the products were sourced.

Additionally, a proposed checklist is provided to help ensure compliance. This checklist is indicative and based on the minimum elements mandated by the regulation, but it can be enriched and adapted to suit different company contexts and specific needs.



## Operational guidance for Operators:

To guide Operators in implementing the data collection step for EUDR compliance, the following robust process builds on four key actions and incorporates additional best practices to ensure thorough and credible data collection:

### **1. Mapping the supply chain:**

- ✓ Begin by identifying all Tier 1 suppliers of products that fall under the EUDR scope, according to the HS codes listed in Annex 1 of the regulation.
- ✓ Expand your mapping to gather detailed information beyond Tier 1 where necessary. Ensure you are aware of the entire chain of custody to accurately trace products back to their origin.
- ✓ Consider visualizing the supply chain through digital tools or mapping software to create a clear overview of supplier relationships and geographical locations.

### **2. Supplier engagement:**

- ✓ Actively engage with all identified suppliers to collect critical data. This includes geolocation information for production sites, proof of compliance with no-deforestation standards, and documentation that verifies the legality of their operations.
- ✓ Establish clear communication channels to ensure continuous data flow from suppliers. Request certificates, legal documents, or third-party verification where applicable.
- ✓ Implement regular reviews and updates of supplier data to address any changes in sourcing or production that may introduce new risks.

### **3. Standardized supply chain mapping and data collection procedure:**

- ✓ Develop a formalized, documented procedure for supply chain mapping and data collection. This procedure should outline the steps to identify and engage suppliers, specify the types of data required, and provide guidelines for data validation.
- ✓ Ensure the process is repeatable and structured so it can be presented during inspections. Make sure to include contingency plans for situations where suppliers fail to provide the necessary information.

### **4. Standardized reporting and auditing procedure:**

- ✓ Create a documented internal procedure for ongoing data review, reporting, and auditing. This procedure should detail how collected data will be processed, stored, and periodically assessed for accuracy.
- ✓ Establish protocols for independent third-party audits where appropriate, ensuring transparency and objectivity in your due diligence efforts.
- ✓ Consider including provisions for external reporting, such as integrating the due diligence process and findings into your company's annual reports or sustainability disclosures (see also reporting obligations in Step 7).

### **5. Preparation for Inspections:**

- ✓ Prepare and organize all documentation to ensure it is ready for potential inspections by regulatory authorities. This includes having a clear and accessible filing system that can demonstrate your compliance with the EUDR's record-keeping requirements.



- ✓ Consider using digital tools or software to manage and secure your records, enhancing both accessibility and security.

**6. Training and Awareness:**

- ✓ Conduct regular training for your team on the importance of maintaining accurate records and understanding the EUDR compliance framework. Ensure everyone involved in procurement and compliance understands their role in maintaining these records.
- ✓ Stay informed about any changes to the EUDR (such as the addition of new products) and update your practices accordingly to remain compliant.

Through these steps, Operators can build a comprehensive and resilient data collection process, ensuring they meet the EUDR due diligence requirements while maintaining a clear, documented process for inspections and audits.

***Please refer to Annex 1 in this handbook, which contains the EUDR Information Requirements Checklist, to ensure all necessary data is collected, organized, and maintained as requested in EUDR. This is summarised in the box 1 above “Data collection key elements”.***

## Operational guidance for non-SME downstream operators:

For this category of companies, Downstream operators that are not SMEs, the due diligence requirements mirror those of Operators in many respects. However, the key difference lies in the flow of information. Downstream Operators will heavily rely on data that has already been collected and processed by the Operators earlier in the supply chain. While this provides a significant starting point, it does not absolve Downstream operators from their responsibility to conduct thorough due diligence. They must still satisfy themselves that the due diligence process has been carried out fully – i.e. they must ensure that all received information is credible, accurate, and that proper processes were followed in collecting and verifying the data. Therefore, while the core steps remain similar, the guidance for Downstream operators will be slightly adjusted to reflect their role in validating and cross-checking existing data:

### **1. Validating Supply Chain Data:**

- ✓ Begin by reviewing and validating the supply chain data provided by the Operators. Ensure that the information includes all necessary elements, such as geolocation, proof of no-deforestation, and legality documentation, along with any associated risk assessments.
- ✓ Perform spot checks or audits on the data received to verify its accuracy and completeness. Cross-reference data with external sources or certifications where possible to ensure the integrity of the information.

### **2. Engaging with Suppliers:**

- ✓ While much of the data will be provided by the upstream Operators, engage directly with suppliers when additional clarification or information is required. Ensure that the supply chain data is consistent across all tiers and that any gaps are addressed.
- ✓ Develop a system for regular communication with suppliers and upstream Operators to receive timely updates and stay informed about any changes that may affect the supply chain.

### **3. Standardized Procedure for Data Validation:**

- ✓ Create a documented, standardized procedure focused on validating the data collected by Operators. This should outline the steps for reviewing, verifying, and cross-checking the data, including guidelines for addressing any discrepancies or red flags that may arise.
- ✓ Ensure that this procedure is well-documented and available for inspection by authorities as part of the compliance process.

### **4. Reporting and Risk Management (see also step 7):**

- ✓ Develop a process for internal reporting that captures the results of the data validation efforts, risk assessments, and any mitigation measures taken. This should be documented and integrated into your internal review systems.
- ✓ Maintain a record of all information received from Operators and ensure it is readily accessible for audits. Include provisions for independent third-party audits where appropriate to add an additional layer of verification and credibility.

### **5. Preparation for Inspections:**

- ✓ Prepare and organize all documentation to ensure it is ready for potential inspections by regulatory authorities. This includes having a clear and accessible filing system that can demonstrate your compliance with the EUDR's record-keeping requirements.

- ✓ Consider using digital tools or software to manage and secure your records, enhancing both accessibility and security.

**6. Training and Awareness:**

- ✓ Conduct regular training for your team on the importance of maintaining accurate records and understanding the EUDR compliance framework. Ensure everyone involved in procurement and compliance understands their role in maintaining these records.
- ✓ Stay informed about any changes to the EUDR (such as the addition of new products) and update your practices accordingly to remain compliant.

By following this adjusted guidance, Downstream Operators can effectively fulfil their due diligence obligations under the EUDR while ensuring that they build upon the work done by Operators, contributing to a compliant and deforestation-free supply chain.

***Please refer to Annex 1 in this handbook, which contains the EUDR Information Requirements Checklist, to ensure all necessary data is collected, organized, and maintained as requested in EUDR.***

Operational guidance for SME downstream operators:

SME downstream operators only have to be able to provide the competent authorities with the reference number of the due diligence statement upon request. As such, SME downstream operators must be ready and require their business partners to provide the reference number of all relevant DDSes related to the products they source from them.

## Operational guidance for non-SME Traders:

For this category of companies, Non-SME Traders, the legal responsibilities and obligations align closely with those of Downstream Operators, necessitating similar due diligence actions to ensure compliance with the EUDR. The primary distinction for Non-SME Traders lies in their position within the supply chain, often acting as intermediaries who must rigorously verify the integrity of the data they distribute. This section provides tailored guidance to help Non-SME Traders execute their due diligence responsibilities effectively:

### **1. Verification of Data Integrity:**

- ✓ Non-SME Traders must undertake thorough verification of the supply chain data they receive from Operators or other sources. This includes confirming the accuracy of geolocation, deforestation-free assurances, legality of operations, and comprehensive risk assessments.
- ✓ Implement processes for routine data audits and spot checks to ensure ongoing accuracy and reliability of the information provided.

### **2. Supplier and Operator Engagement:**

- ✓ Maintain active engagement with both suppliers and Operators to ensure that any changes in supply chain operations or updates in compliance status are promptly communicated and documented.
- ✓ Develop clear guidelines for suppliers and Operators on the types of information required, ensuring all data provided meets the EUDR standards.

### **3. Standardized Verification Procedures:**

- ✓ Develop a standardized, documented procedure for the verification of information. This procedure should clearly outline how to handle and check the data received, including steps to take when discrepancies or potential risks are identified.
- ✓ Documentation of these procedures is crucial and must be maintained in an accessible format for potential regulatory inspections.

### **4. Risk Management and Mitigation:**

- ✓ Establish a systematic approach to risk management that includes the identification, assessment, and mitigation of potential risks associated with deforestation and legal compliance in the supply chain.
- ✓ Document all risk management activities and ensure that mitigation strategies are implemented effectively and reviewed periodically.

### **5. Compliance and Reporting (See also Step 7):**

- ✓ Ensure compliance through regular internal reviews and external audits. This includes preparing and updating compliance reports that can be integrated into company-wide risk management and sustainability reports.
- ✓ Keep a comprehensive record of all due diligence activities, ready for review during inspections or audits, and ensure that these records reflect the latest regulatory requirements and best practices in supply chain management.

## **6. Preparation for Inspections:**

- ✓ Prepare and organize all documentation to ensure it is ready for potential inspections by regulatory authorities. This includes having a clear and accessible filing system that can demonstrate your compliance with the EUDR's record-keeping requirements.
- ✓ Consider using digital tools or software to manage and secure your records, enhancing both accessibility and security.

## **7. Training and Awareness:**

- ✓ Conduct regular training for your team on the importance of maintaining accurate records and understanding the EUDR compliance framework. Ensure everyone involved in procurement and compliance understands their role in maintaining these records.
- ✓ Stay informed about any changes to the EUDR (such as the addition of new products) and update your practices accordingly to remain compliant.

By adhering to this guidance, Non-SME Traders can robustly fulfil their due diligence obligations under the EUDR, ensuring that their operations contribute positively to the overarching goal of preventing deforestation and promoting legal trade practices within the EU.

***Please refer to Annex 1 in this handbook, which contains the EUDR Information Requirements Checklist, to ensure all necessary data is collected, organized, and maintained as requested in EUDR. This is summarised in the box 1 above.***

## Operational guidance for SME Traders:

For this category of companies, SME Traders, the obligations under the EUDR are distinctly lighter compared to other categories. While SME Traders are not required to submit a due diligence statement in the EU Information System before placing products on the EU market, nor are they mandated to conduct the comprehensive due diligence process outlined in this training manual, they must still fulfil crucial record-keeping responsibilities. Specifically, SME Traders are required to maintain clear records of their transactions with any company they buy from or sell to, including copies of the Due Diligence Statements accompanying the products.

### **1. Record-Keeping of Transactions:**

- ✓ Maintain accurate and detailed records of all purchases, including the names and contact information of the companies from which products are sourced. Ensure these records are easily retrievable and organized in a manner that supports quick access and review.
- ✓ Include in these records the product descriptions, quantities purchased, and dates of transactions to ensure a comprehensive transaction history.

### **2. Collection and Storage of Due Diligence Statements:**

- ✓ Collect and securely store copies of all Due Diligence Statements provided by your suppliers. These documents should be retained as proof of compliance with the EUDR by your suppliers and as part of your compliance with record-keeping requirements.
- ✓ Establish a system to regularly update these records to include the latest Due Diligence Statements and any amendments or updates to previous statements.

### **3. Compliance Verification:**

- ✓ Periodically verify the validity and completeness of the Due Diligence Statements received. This may involve confirming that the statements are up to date and that they accurately reflect the current operations and compliance status of your suppliers.
- ✓ Develop a simple checklist or template to facilitate the quick review of these statements to ensure they meet all regulatory requirements.

### **4. Preparation for Inspections:**

- ✓ Prepare and organize all documentation to ensure it is ready for potential inspections by regulatory authorities. This includes having a clear and accessible filing system that can demonstrate your compliance with the EUDR's record-keeping requirements (see also Step 7).
- ✓ Consider using digital tools or software to manage and secure your records, enhancing both accessibility and security.

### **5. Training and Awareness:**

- ✓ Conduct regular training for your team on the importance of maintaining accurate records and understanding the EUDR compliance framework. Ensure everyone involved in procurement and compliance understands their role in maintaining these records.
- ✓ Stay informed about any changes to the EUDR (such as the addition of new products) and update your practices accordingly to remain compliant.

By following these guidelines, SME Traders can effectively meet their obligations under the EUDR, ensuring that their operations are aligned with the objectives of the regulation and that they maintain the necessary documentation to demonstrate compliance during inspections or audits.

***Please refer to Annex 1 in this handbook, which contains the EUDR Information Requirements Checklist, to ensure all necessary data is collected, organized, and maintained as requested in EUDR. This is summarised in the box 1 above.***

#### Operational guidance for Suppliers:

For this category of companies—Suppliers—which includes those located outside the EU but supplying products directly or indirectly to Operators within the EU, the role is crucial despite having no direct legal obligations under the EUDR. Suppliers play a pivotal role in the due diligence process by providing comprehensive data necessary for Operators to fulfil their obligations under the regulation. If they do not or cannot do this, they will not be able to export their products to the EU.

#### ***Essential role of Suppliers to support Due Diligence processes of Operators***

In order to continue exporting to the EU, suppliers, ranging from producers/farmers to intermediaries and exporters, need to collect and transmit accurate and comprehensive data to their EU counterparts. The initial data collection often occurs at the producer or farmer level, especially geolocation data, which is critical for tracing the origins of the product. As data moves through the supply chain, each intermediary or exporter must ensure its accuracy and completeness before it reaches EU Operators.

#### ***Guidance for Suppliers (Exporters and Intermediaries):***

##### **1. Data Collection by Exporters:**

Exporters dealing directly with European Operators need to gather extensive product data to comply with the EUDR requirements. This includes:

- ✓ Detailed product descriptions including trade and common names, as well as scientific names for wood products.
- ✓ Accurate quantification of the products, adhering to the specified units.
- ✓ The country of production, specific production areas, and geolocation of all production plots.
- ✓ Evidence of deforestation-free status and legality of production.
- ✓ Complete contact details of businesses or persons from whom the products were sourced.

##### **2. Data Collection by Intermediaries:**

Intermediaries not directly linked to EU Operators also need to prepare and maintain similar data, ensuring it is ready to be passed along the supply chain. This includes:

- ✓ Collecting and verifying the same extensive set of data as exporters.
- ✓ Ensuring that any transferred data is accompanied by adequate verification of its credibility and legality.
- ✓ Establishing mechanisms to regularly update data to reflect any changes or new compliance standards.

### 3. Key Types of Information Required (As specified by EUDR):

**Product Description:** Clearly list all relevant commodities or products used in manufacturing, including scientific names where applicable.

**Quantity Measures:** Document quantities in net mass or other specified units, ensuring clarity for each product code.

**Geolocation:** Record precise locations of all plots where commodities were grown or cattle were kept, including specific dates or ranges of production. This means the geographical location of a plot of land described by means of latitude and longitude coordinates, except for plots of land of more than four hectares, where polygon perimeters must be provided.

**Supplier and Customer Details:** Maintain updated records of contact information for all parties in the supply chain.

**Deforestation and Legality Proofs:** Provide conclusive evidence that products are deforestation-free and legally compliant within the country of production.

### 4. Special Considerations:

- ✓ Ensure that data gathering processes are robust and can withstand scrutiny by Operators and regulatory bodies.
- ✓ Develop and maintain a secure digital system for storing and transmitting data, which can easily be accessed and audited by Operators or compliance officers.

By following these guidelines, Suppliers—including both exporters and intermediaries—will effectively contribute to the EUDR compliance of their EU partners, ensuring the sustainability and legality of the products entering the EU market.

***Please refer to Annex 1 in this handbook, which contains the EUDR Information Requirements Checklist, to ensure all necessary data is collected, organized, and maintained as requested in EUDR. This is summarised in the box 1 above.***

An increasingly wide range of data collection and traceability systems is now becoming available, on top of existing company and national systems. These vary substantially in terms of accuracy, cost and reliability, and a careful assessment of them should be made before committing to use any particular system. See Module 5, on technology solutions in the context of EUDR, for more discussion.

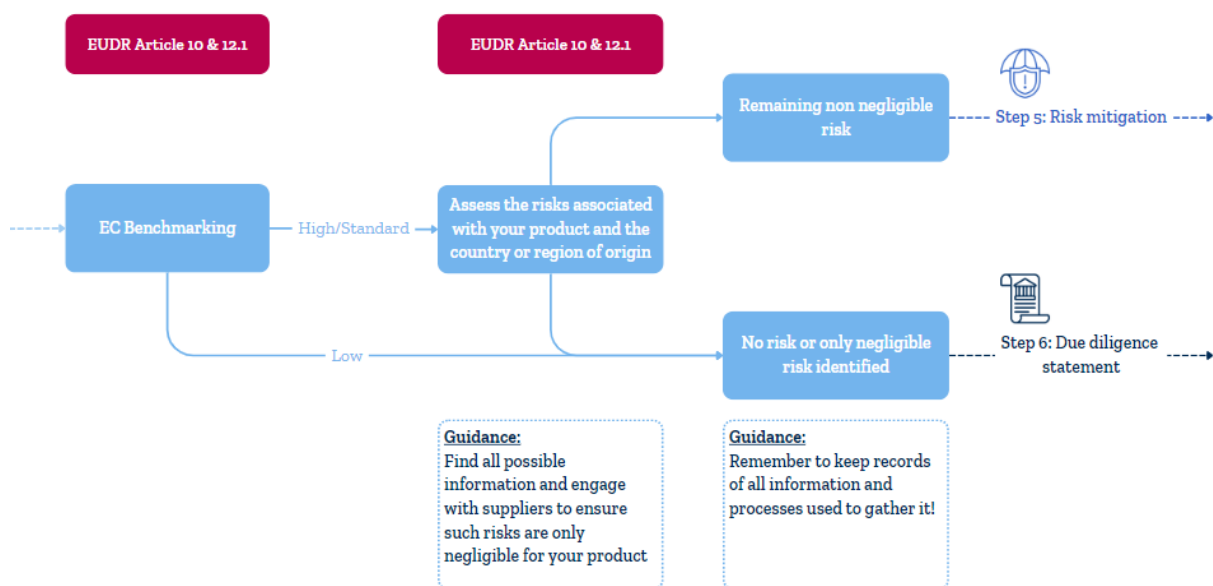


## Step 4: Risk Assessment

Following the initial data collection phase, the next crucial step in implementing due diligence under the EUDR is Risk Assessment. This step involves a thorough evaluation of the potential risks associated with deforestation and legal compliance in the supply chain. Each category of companies, as outlined in the previous sections, has specific obligations and roles to play in this collective effort.

In the upcoming guidance, we will detail how each type of company—Operators, Downstream Operators, Non-SME Traders, SME Traders, and Suppliers—needs to approach the risk assessment process to ensure that all potential risks are identified, assessed, and appropriately managed. This is a vital component of the due diligence process, ensuring that the products placed on the EU market adhere to the stringent standards set forth by the EUDR.

According to the EUDR, risk analysis actions are not required if the products being assessed originate from a country or region that has been identified, through the EUDR’s benchmarking process, as "low risk." For such low-risk areas, the regulation acknowledges that the existing measures and governance are sufficient to ensure compliance with deforestation and legal production standards, thereby negating the need for the risk analysis or risk mitigation steps. The first step of the due diligence process – data collection – is still required.



## Operational guidance for Operators:

For Operators under the EUDR, conducting a robust risk assessment is a critical step in ensuring that the products they intend to place on the market or export are compliant with the regulation's stringent requirements. This assessment is not merely a formality but a detailed evaluation to ascertain the compliance of products with deforestation and legality standards, as specified in Article 10 of the regulation.

Operators are required to verify and analyse all data collected as part of their due diligence efforts (as referenced in Article 9 of the EUDR, see above) and conduct a thorough risk assessment based on this information (explained in Article 10). The assessment must confirm that there is no or only a negligible risk of non-compliance before products can be marketed or exported. This involves a multifaceted approach that takes into account a variety of factors detailed in the regulation, ensuring a comprehensive evaluation of potential risks associated with the supply chain and product origins:

### **1. Verification and Analysis of Collected Data:**

- ✓ Carefully verify the accuracy, reliability, and completeness of all data collected under Article 9, including supplier information, product details, and compliance evidence.

Analyse the connections between collected data and the specific criteria outlined in Article 10(2) to prepare for a structured risk assessment.

### **Box 2: Risk assessment criteria**

The criteria to be taken into account in the risk assessment process are listed in full in Article 10(2) of the EUDR, but in brief it includes:

- The risk level assigned to the country of production, as determined by the benchmarking process (forthcoming).
- The presence of forests, and levels of deforestation and forest degradation, in the country.
- The presence of indigenous communities, the extent of consultation and cooperation with them and the legitimacy of any of their claims concerning land use or ownership.
- The reliability of the data and traceability information collected in the first stage of the due diligence process, the complexity of the supply chain and the potential for product mixing or circumvention.
- The extent of local compliance challenges such as corruption, data falsification, weaknesses in law enforcement, human rights abuses or conflict, and any UN or EU sanctions.
- Any relevant conclusions of the Commission expert groups supporting EUDR implementation, substantiated concerns submitted, e.g. by NGOs, any evidence of past non-compliance of operators or traders and any other information suggesting a risk of non-compliance.
- Complementary information on compliance, which could include information from certification or other third-party verified schemes.

### **2. Conducting the Risk Assessment:**

- ✓ Evaluate risks based on the criteria listed in Article 10(2) – see box above.:

### **3. Documentation and Review:**

- ✓ Document the risk assessment process in detail, noting how each criterion was evaluated and what conclusions were drawn.
- ✓ Review and update the risk assessment annually or more frequently if significant changes in the supply chain or production conditions occur.

### **4. Compliance and Reporting (see also Step 7):**

- ✓ Prepare to present documented risk assessments to competent authorities upon request.
- ✓ Ensure that the risk assessment documentation includes how information aligns with the risk assessment criteria, the degree of risk determined, and any actions taken to mitigate identified risks.

### **5. Utilizing Third-Party and Certification Information:**

- ✓ Incorporate information from certified or third-party verified schemes that align with the EUDR standards, provided they meet the requirements set in Article 9.
- ✓ Use valid FLEGT licenses as evidence of compliance for wood products, as specified in Article 10(3).

### **6. Best Practices for Effective Risk Assessment:**

**Systematic Approach:** Establish a systematic methodology for conducting risk assessments that is consistent across all products and supply chains. This approach should ensure that all relevant risk factors are considered and that decisions are well-documented.

**Stakeholder Engagement:** Actively engage with stakeholders, including local communities, NGOs, and industry experts, to gain insights and ground-level information which may not be readily apparent through documentation alone. This can help in understanding the real conditions and potential risks associated with production locations.

**Continuous Monitoring and Updating:** Implement a system for continuous monitoring of the factors affecting risk. Update the risk assessment whenever new information becomes available or when changes in the supply chain or local conditions occur.

**Leverage Technology:** Utilize technology and tools for better data management and risk analysis. Geographic Information Systems (GIS) and remote sensing technology can be particularly useful in verifying geolocation data and monitoring deforestation trends.

**Training and Capacity Building:** Ensure that team members responsible for risk assessments are trained and equipped with the necessary skills and knowledge to identify and evaluate risks effectively. Regular training sessions can help maintain a high level of awareness and competence.

**Transparency and Documentation:** Maintain transparency in the risk assessment process by documenting all steps, decisions, and findings. This not only supports internal reviews and external audits but also builds trust with regulatory authorities and stakeholders.

By adhering to this detailed guidance and thoroughly applying the criteria set forth in Article 10 of the EUDR, Operators can ensure that their products meet the EU's rigorous standards for legality and deforestation-free sourcing. This not only aids in compliance but also strengthens the overall integrity and sustainability of their supply chains.

***Please refer to Annex 2 in this handbook, which contains the EUDR Risk Assessment Checklist for Operators – see also summary Box 2 above.***

As noted under the discussion of data collection, a wide range of commercial risk assessment systems is now becoming available. These vary substantially in terms of accuracy, cost and reliability, and a careful assessment of them should be made before committing to use any particular system. See Module 5, on technology solutions in the context of EUDR, for more discussion.

#### Operational guidance for non-SME downstream operators:

For this category of companies, Downstream Operators, the obligations concerning risk assessment under the EUDR are different from those of Operators. Since they are sourcing products that have already been subject to the due diligence process, they only need to satisfy themselves that due diligence was exercised – by the Operator placing the original products on the EU market – in accordance with the EUDR. This includes referencing the original DDSes in their own DDSes.

In turn this means that they will have to be in regular communication with their Operator business partners to gather information about their due diligence systems, including, for this step, how they conducted risk assessment.

#### Operational guidance for SME downstream operators:

SME downstream operators are exempted from the due diligence obligations, so have no risk assessment requirement. All they need to do is keep record of the reference number of the DDSes of the products they have sourced and provide them to the competent authorities upon request.

#### Operational guidance for non-SME Traders:

For this category of companies, Non-SME Traders, the risk assessment obligations are the same as those for Downstream Operators under the EUDR, since they are sourcing products that have already been through the due diligence process. As above, they need to satisfy themselves that due diligence was exercised – by the Operator placing the original products on the EU market – in accordance with the EUDR. This includes referencing the original DDSes in their own DDSes.

And just like Downstream Operators, they will need to be in regular communication with their Operator business partners to gather information about their due diligence systems, how they collected the data, assessed the risks and mitigated risks, if any.

### Operational guidance for SME Traders:

For this category of companies, SME Traders, the requirements under the EUDR differ significantly from those imposed on Operators and Downstream Operators. SME Traders are not obliged to conduct due diligence, including the risk assessment steps outlined for other categories. Instead, their responsibility is to maintain accurate records of the companies from which they source their products, along with retaining the due diligence statements of the companies from which they buy products, and sell them to, along with retaining the associated due diligence statements.

It is crucial for SME Traders to ensure that these records are comprehensive and readily accessible, as they must be able to demonstrate compliance with their record-keeping obligations. This streamlined approach acknowledges the operational scales of SME Traders, focusing on traceability and transparency without the requirement for them to engage in extensive due diligence processes.

### Operational guidance for Suppliers:

For this category of companies, Suppliers, although there is no legal obligation under the EUDR to conduct due diligence or risk assessment processes, their role is nonetheless crucial. Suppliers are fundamental in providing the initial layers of data required for the comprehensive due diligence efforts undertaken by Operators. They play a critical role in ensuring that the information they provide is accurate, trustworthy, and verifiable, which in turn supports the risk assessment processes further up the supply chain.

#### **1. Accurate and Detailed Information Provision:**

Ensure that all information related to product descriptions, quantities, and geolocations is precise and thoroughly detailed. This includes providing scientific names for products when applicable, detailed production locations, and clear quantity measurements.

#### **2. Verification of Information:**

Implement internal verification processes to confirm the accuracy and legitimacy of the data before it is sent to Operators or Traders. This might involve third-party audits or the use of certified systems to validate data.

#### **3. Transparency and Traceability:**

Maintain high levels of transparency in your operations. Provide clear and traceable records that can link products directly back to their points of origin. This supports Operators in connecting products to specific plots of land, crucial for effective risk assessments.

#### **4. Regular Updates and Communication:**

Keep all data up-to-date and communicate any changes in production, supply chain, or compliance status promptly to your EU partners. This helps in maintaining current risk assessments and adapting to any new risks that may emerge.

#### **5. Compliance with Local and International Standards:**

Ensure that all commodities are produced in compliance with both local legislation and international standards related to deforestation and environmental protection. Documentation of such compliance should be readily available and verifiable.

## **6. Support for External Audits:**

Facilitate external audits by providing access to your production sites and records. Cooperating with auditing processes instils confidence in your data's validity and supports your EU partners in their compliance efforts.

By following this guidance, Suppliers can effectively contribute to the risk assessment efforts of their EU partners, ensuring that all information provided upholds the rigorous standards required under the EUDR. This collaboration not only aids in regulatory compliance but also enhances the sustainability and ethical standards of the entire supply chain.

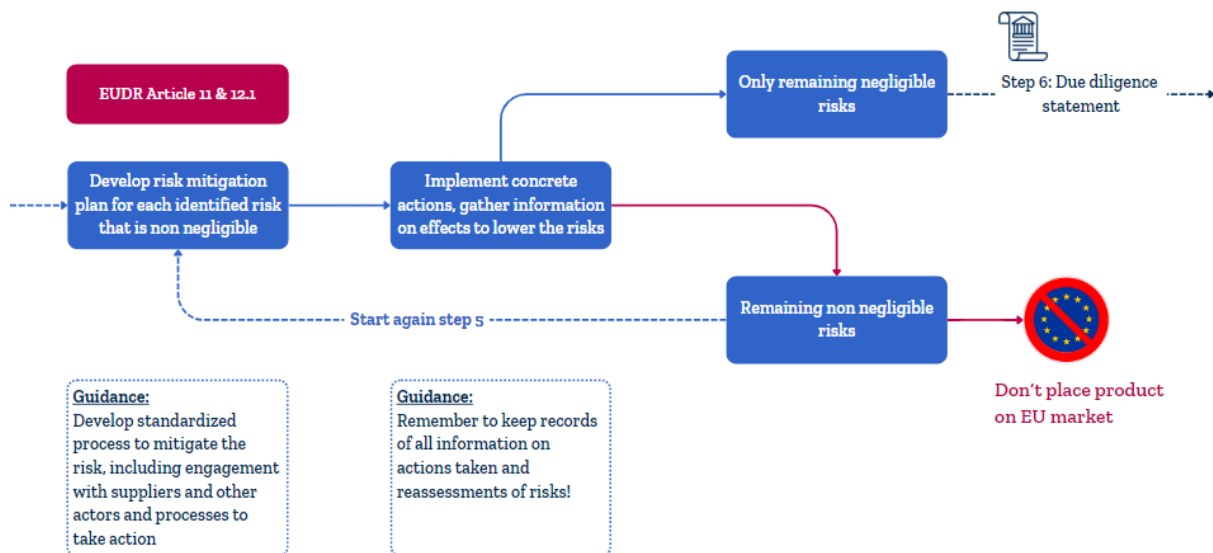
***Please refer to Annex 3 in this handbook, which contains the EUDR Risk Assessment Checklist for Suppliers.***

## Step 5: Risk Mitigation

The next critical step in the due diligence process outlined by the EUDR is Risk Mitigation. This stage is pivotal for addressing and resolving any risks identified during the Risk Assessment phase. The approach to risk mitigation varies significantly depending on the category of the company involved, as each holds different roles and responsibilities within the supply chain.

According to the EUDR, as with risk analysis, risk mitigation actions are not required if the products being assessed originate from a country or region that has been identified, through the EUDR's benchmarking process, as "low risk." For such low-risk areas, the regulation acknowledges that the existing measures and governance are sufficient to ensure compliance with deforestation and legal production standards, thereby negating the need for the risk analysis or risk mitigation steps. The first step of the due diligence process – data collection – is still required.

In this section of the training handbook, we will explore specific guidance tailored to each company category, detailing how they can implement effective risk mitigation strategies when necessary. This guidance will help ensure that all actors in the supply chain contribute appropriately to minimizing the risks associated with non-compliance and supporting sustainable and legal trade practices.



## Operational guidance for Operators:

For Operators under the EUDR, risk mitigation is a mandatory step whenever a risk assessment does not conclude an absence of risk or identifies only a very negligible risk. This process is critical to ensure that products placed on the EU market or exported meet the stringent standards required by the regulation.

When a risk assessment, as per Article 10 of the EUDR, fails to verify that products are free from compliance risks, Operators are compelled to implement effective risk mitigation procedures, described in Article 11. These procedures are intended to elevate the level of assurance to where there is no or only negligible risk concerning the non-compliance of products with the deforestation and legality standards set by the EUDR.

### **1. Adoption of Risk Mitigation Procedures and Measures:**

- ✓ Implement additional measures to collect more comprehensive information, data, or documents that may alleviate identified risks.
- ✓ Conduct independent surveys or audits to verify and supplement the information received from the supply chain.
- ✓ Take further actions to meet the comprehensive information requirements set out in Article 9, ensuring all data is accurate and robust.

### **2. Support for Suppliers:**

- ✓ Engage in capacity building and provide investments to support suppliers, particularly smallholders, to comply with the regulation. This may involve training programs, resources for better compliance practices, or direct investments in sustainable production techniques. (Article 11 of the EUDR specifically mentions capacity building and investment in suppliers as a means of supporting risk mitigation.)

### **3. Implementation of Internal Policies and Controls:**

- ✓ Develop and enforce robust risk management practices, including the establishment of clear reporting protocols, meticulous record-keeping, and effective internal control systems.
- ✓ Appoint a compliance officer at the management level to oversee compliance, particularly for non-SME Operators.
- ✓ Establish an independent audit function to regularly review internal policies, controls, and procedures to ensure their effectiveness and compliance with the EUDR.

### **4. Documentation and Review:**

- ✓ Document all decisions related to risk mitigation procedures and measures meticulously.
- ✓ Review and update the risk mitigation strategies at least annually to reflect any changes in the supply chain, risk status, or regulatory requirements.
- ✓ Maintain readiness to provide documentation and evidence of these processes to competent authorities upon request.



## 5. Transparency and Accountability:

- ✓ Ensure that all mitigation actions are transparent and verifiable. This involves clear documentation of how decisions were made and the basis for these decisions.
- ✓ Be prepared to demonstrate the effectiveness of the risk mitigation measures and their alignment with the identified risks.

By following these guidelines, Operators can effectively manage and mitigate risks associated with the products they intend to market or export. This not only helps in complying with the EUDR but also strengthens the overall sustainability and legality of their business operations within the EU market.

***Please refer to Annex 4 in this handbook, which contains the EUDR Risk Mitigation Checklist for Operators.***

### Operational guidance for non-SME downstream operators:

As with risk assessment, since Downstream Operators are sourcing products that have already been subject to the due diligence process, they only need to satisfy themselves that due diligence was exercised – by the Operator placing the original products on the EU market – in accordance with the EUDR. This includes referencing the original DDSes in their own DDSes.

In turn this means that they will have to be in regular communication with their Operator business partners to gather information about their due diligence systems, including, for this step, how they conducted risk mitigation.

.

### Operational guidance for SME downstream operators:

SME downstream operators are exempted from the due diligence obligations, so have no risk mitigation requirement. All they need to do is keep record of the reference number of the DDSes of the products they have sourced and provide them to the competent authorities upon request.

### Operational guidance for non-SME Traders:

For Non-SME Traders under the EUDR, the obligations for risk mitigation mirror those of Operators and Downstream Operators. Non-SME Traders are required to implement the same comprehensive measures to manage and mitigate any identified risks regarding the non-compliance of products with deforestation and legality standards. It is crucial for Non-SME Traders to adhere to the detailed guidance and checklist provided for Operators earlier in this handbook. By following these established protocols, Non-SME Traders can ensure their risk mitigation efforts are effective and fully compliant with the EUDR, thereby upholding the sustainability and legality of their trading activities within the EU market.

### Operational guidance for SME Traders:

As with risk assessment, SME Traders are not required to conduct the full due diligence process, including risk mitigation. Their responsibility is to maintain accurate records of their suppliers and the due diligence statements provided by these suppliers. This ensures that SME Traders can demonstrate compliance with their specific EUDR obligations focused on traceability and record-keeping.

### Operational guidance for Suppliers:

For Suppliers—companies outside the EU market supplying products directly or indirectly to Operators and Traders within the EU—their role in risk mitigation, while not legally mandated by the EUDR, is critically supportive. Suppliers are instrumental in providing the foundational data and compliance assurances that Operators and Traders rely on for their own risk mitigation efforts.

In this respect, they should expect to receive assistance from the Operators who they supply. Article 11(1) of the EUDR includes a specific reference to supporting compliance by the operator’s suppliers, in particular smallholders, through capacity building and investments’.

#### **Provide Comprehensive and Verifiable Information:**

Ensure that all information supplied to Operators and Traders is comprehensive, accurate, and verifiable. This includes detailed product descriptions, quantities, production locations, and evidence of legal compliance and deforestation-free operations.

#### **Maintain Transparency and Accessibility:**

Keep all records and documentation transparent and easily accessible to support the due diligence and risk mitigation processes of your EU partners. This may involve digital systems that allow for real-time data sharing and updates.

#### **Proactive Communication:**

Engage in proactive communication with EU partners to quickly relay any changes in production processes, supply chain configurations, or compliance status that might impact risk assessments or mitigation measures.

#### **Support Audits and Verifications:**

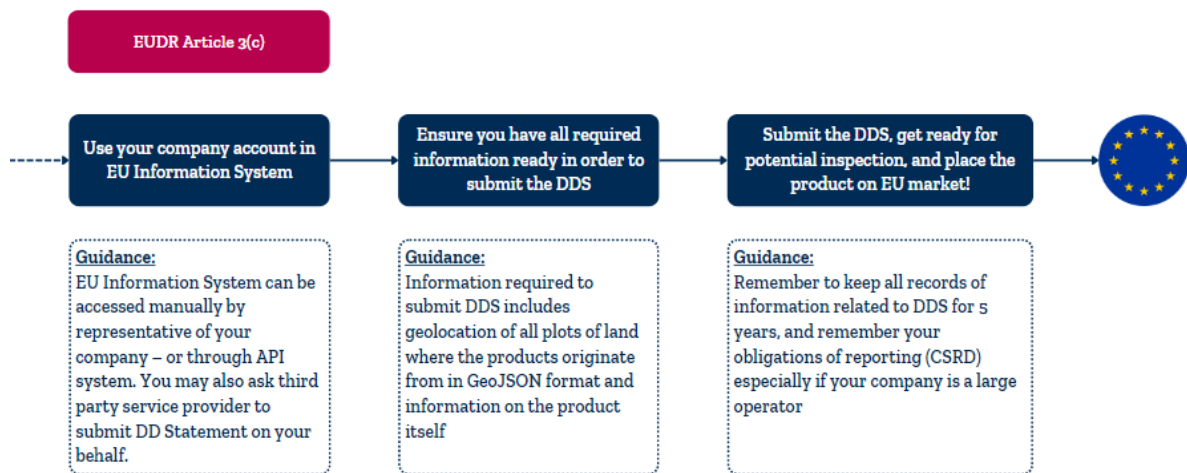
Facilitate and support third-party audits or independent verifications requested by Operators or Traders to confirm the authenticity of the information provided and the adherence to environmental and legal standards.

#### **Continuous Improvement and Compliance Support:**

Invest in continuous improvement programs that enhance compliance with deforestation and legal production standards. This might include training for local producers, adopting new technologies, or enhancing traceability mechanisms.

By following these guidelines, Suppliers can effectively contribute to the risk mitigation strategies of their EU counterparts, ensuring that the entire supply chain operates within the regulatory frameworks and sustains the high standards required by the EUDR. This collaborative approach not only aids in compliance but also enhances the overall sustainability and integrity of the supply chains involved.

## Step 6: Submit Due Diligence Statement



Under the EUDR, specific obligations are assigned to Operators, non SME Downstream Operators and non-SME traders regarding the submission of due diligence statements prior to placing products on the EU market or exporting them. SME Downstream Operators and SME Traders are exempted from this obligation. This requirement ensures that these entities conduct thorough due diligence and confirm compliance with deforestation and legal standards.

### Key Elements of the Due Diligence Statement (as per Annex 2 of EUDR):

#### 1. Operator Identification:

Includes the operator's name, address, and for relevant commodities and products entering or leaving the market, the Economic Operators Registration and Identification (EORI) number.

#### 2. Product Details:

Specifies the Harmonised System code and provides a free-text description, including the trade name and, where applicable, the full scientific name of the product.

Indicates the quantity of the relevant product, expressed in kilograms of net mass and, where applicable, in supplementary units as defined in Annex I to Regulation (EEC) No 2658/87.

#### 3. Geolocation and Production Details:

Lists the country of production and the geolocation of all plots of land where the relevant commodities were produced. For products related to cattle, it includes geolocations of all establishments where the cattle were kept.

For products derived from commodities produced on different plots of land, the geolocation for each plot must be included.

#### 4. Reference to Existing Statements:

For operators referencing an existing due diligence statement, the reference number of that statement must be included.

#### 5. Compliance Confirmation:

A statement confirming that due diligence was performed according to Regulation (EU) 2023/1115, and that it was determined there was no or only negligible risk that the products do not comply with the regulation's requirements.

#### **6. Signature:**

The due diligence statement must be signed, including the date, name, function of the signatory, and their signature.

These elements are crucial as they collectively form the due diligence statement that Operators and Downstream Operators must submit in the EU Information System. This submission process not only formalizes their compliance efforts but also facilitates transparency and accountability within the market, helping to ensure that products sourced and sold within the EU adhere to strict environmental and legal standards

### [Step 7: Monitoring and Reporting](#)

Article 12 of the EUDR sets out companies' requirements for reviewing and reporting on their due diligence systems:

#### Non-SME Operators, Downstream Operators and Traders

- All Operators and Traders are required to review their due diligence system at least once a year and to update it in line with new developments.
- Non-SME companies must report publicly, at least annually, on their due diligence system and the steps taken by them to implement their due diligence obligations.
- These reports must include details of the information gathered on the products in the company's supply chains, the conclusions of the risk assessment process and, where relevant, the processes of consultation with indigenous peoples and local communities in the area of production.
- This reporting obligation is intended to be wrapped into any relevant reports companies are required to make under any other EU due diligence requirements; this is most obviously relevant to the Corporate Sustainability Reporting Directive (which starts to be implemented from 2025) and the Corporate Sustainability Due Diligence Directive (which is currently being transposed into national member state legislation).
- All documentation must be kept for five years and made available to competent authorities on request.

#### SME Operators, Downstream Operators and Traders

- All Operators and Traders are required to review their due diligence system at least once a year and to update it in line with new developments.
- All documentation must be kept for five years and made available to competent authorities on request.

### III. Verifications and inspections

The EUDR outlines specific inspection and enforcement protocols for products entering or leaving the EU market, which are critical for ensuring compliance with environmental and legal standards. This process is vital for all company categories involved in the trade of relevant products under the EUDR—Operators, Downstream Operators, Non-SME Traders, SME Traders, and Suppliers—though the direct involvement in these inspections varies by role.

#### ***Role of Competent Authorities:***

The competent authorities nominated by each EU member state are tasked with the enforcement of the EUDR, ensuring that products comply with the regulation's standards. They determine the checks to be carried out, focusing on a risk-based approach, to verify compliance of products with the regulation.

#### ***Customs Controls:***

Customs authorities are responsible for controlling the customs declarations of products entering or leaving the EU. They primarily conduct these controls based on a risk analysis, scrutinizing the due diligence statements provided by Operators.

#### ***Due Diligence Statement Reference:***

The reference number of the due diligence statement must be made available to customs authorities before products are released for free circulation or export. This allows customs to verify compliance with EUDR through an electronic interface that accesses the due diligence information system.

#### ***Electronic Interface and Information System:***

An electronic interface will be used to manage the exchange of information related to due diligence statements and compliance checks. This system facilitates the efficient sharing of compliance statuses between customs and competent authorities.

#### ***Compliance Checks and Product Release:***

Products identified as requiring checks before being placed on the market or exported will have their release suspended until compliance can be verified. If no issues are flagged, or once any identified issues are resolved, customs will release the product for circulation or export.

#### ***Non-Compliance Consequences:***

If a product is found to be non-compliant, the competent authorities will notify customs authorities, who will then block the release of the product into the EU market.

#### ***Impact on Company Categories:***

- **Operators and Downstream Operators:** These entities must ensure that their due diligence statements are accurately prepared and readily accessible to customs via the electronic interface. They are directly involved in submitting due diligence statements and ensuring their products meet the compliance standards before entering or leaving the EU market.
- **Non-SME Traders:** While they reference the due diligence statements of Operators or Downstream Operators, Non-SME Traders need to be aware of the compliance status of the products they trade, as it affects their operations, and they also have to submit their own DDS.

- **SME Traders:** Although not directly submitting due diligence statements, SME Traders must maintain accurate records of compliance and due diligence from their suppliers to ensure traceability and potential audits.
- **Suppliers:** Suppliers need to provide all necessary information to their EU counterparts to help them compile complete and compliant due diligence statements. Even though Suppliers are not directly involved in the submission of these statements, the accuracy and completeness of their information are crucial for the compliance of products.

## Annex 1: EUDR Information Requirements Checklist

The comprehensive checklist provided below is designed to ensure all relevant information mandated by the EUDR is systematically collected, organized, and transmitted throughout the supply chain. This checklist serves as an essential tool for producers, intermediaries, exporters, and Operators to uphold the requirements for placing products on the EU market. It ensures clarity and consistency in the data collected, aiding in the effective implementation of due diligence processes across all supply chain actors. Each category of companies—from suppliers to SME Traders—can use this checklist to verify that all necessary information is accounted for and ready for inspection. This detailed approach supports the overarching goal of the EUDR to prevent deforestation and ensure legality in the production and trade of commodities.

### **Product description**

- Trade name and type of the product.
- For products involving wood, include both common and full scientific names of the species.
- List of all relevant commodities or products used in the manufacture of the final product.

### **Quantity of products**

- For products entering or leaving the EU market, specify the quantity in kilograms of net mass and, where applicable, in the supplementary unit as outlined in Annex I to Council Regulation (EEC) No 2658/87.
- For all other cases, the quantity should be expressed in net mass, volume, or number of items.

### **Geolocation data**

- Exact geolocation of all plots of land where the commodities were produced, including the date or range of production.
- For products containing or made using cattle, include geolocation details for all establishments where the cattle were kept.
- For other products, include geolocation data for the plots of land involved.

### **Country and parts of production**

- Specify the country of production and, where relevant, the specific parts of the country where production occurred.

### **Supplier and customer details**

- Name, postal address, and email address of any business or person from whom the products have been sourced.
- Name, postal address, and email address of any business, operator, or trader to whom the products have been supplied.

### **Deforestation-free and legality Information**

- Adequately conclusive and verifiable information demonstrating that the products are deforestation-free.
- Information verifying that the commodities have been produced in accordance with the relevant legislation of the country of production, including any rights to use the area for production.

### **Evidence and documentation**

- All information should be accompanied by evidence, such as certificates, third-party verification reports, or legal documents that can substantiate the claims made in the checklist.

## Annex 2: Risk Assessment Checklist (Operators)

This checklist is designed to assist Operators in fulfilling their obligations under the EUDR by systematically conducting a thorough risk assessment. By following these steps, Operators can ensure a comprehensive evaluation of potential risks associated with deforestation and legal compliance in their supply chains, as required by Article 10 of the EUDR.

### **Verify and analyse collected data**

- Confirm accuracy and completeness of all information collected under Article 9.
- Review connections between data and compliance requirements.

### **Evaluate specific risk criteria**

- Assess risk according to the criteria listed in Article 10(2), including country of production, presence of forests, and indigenous rights.
- Document findings and reasoning for each criterion.

### **Document and review the risk assessment**

- Create detailed records of the risk assessment process.
- Ensure documentation is sufficient for audits and regulatory reviews.

### **Engage with stakeholders**

- Consult with local communities, NGOs, and experts to obtain additional insights.
- Incorporate feedback into risk assessments.

### **Continuous monitoring**

- Implement a system for ongoing monitoring and updating of risk factors.
- Adjust risk assessments based on new information or changes in the supply chain.

### **Annual review**

- Regularly review and update the risk assessment at least once a year.
- Reflect changes in operational or environmental conditions.

### **Third-party verification**

- Utilize certified or third-party verified information where applicable.
- Ensure external verification aligns with EUDR standards.



## Annex 3: Risk Assessment Checklist (Suppliers)

This checklist is tailored for Suppliers to enhance their contributions to the due diligence and risk assessment processes of their EU partners placing their products on the EU market. By adhering to these guidelines, Suppliers can provide reliable and compliant data that supports thorough risk evaluations under the EUDR.

### **Ensure data accuracy and detail**

- Provide exact product descriptions, quantities, and geolocation details.
- Regularly review data for precision and updates.

### **Implement verification processes**

- Establish internal checks to validate the accuracy and legitimacy of provided data.
- Use third-party audits to confirm data integrity.

### **Maintain transparency**

- Offer clear records that establish traceability from the product to its origin.
- Make all relevant production and compliance documentation accessible.

### **Update information promptly**

- Communicate any changes in production or compliance status immediately.
- Keep EU partners informed of any relevant developments.

### **Document compliance with standards**

- Prove adherence to local and international environmental and deforestation laws.
- Keep all compliance certificates and legal documents up-to-date and ready for review.

### **Support auditing processes**

- Facilitate inspections and audits by providing full access to production sites and records.
- Cooperate fully with external auditors to demonstrate transparency and compliance.

## Annex 4: Risk Mitigation Checklist (Operators)

This checklist provides Operators with a structured approach to conducting risk mitigation as mandated by the EUDR. By following these steps, Operators can ensure they adopt adequate procedures and measures to manage and mitigate any identified risks effectively, thereby ensuring compliance with the regulation and maintaining the integrity of their supply chains.

### **Enhanced information collection**

- Acquire additional information, data, or documents that may help clarify and mitigate identified risks.
- Ensure that all additional data is accurate, verifiable, and relevant to the risk factors identified during the assessment phase.

### **Independent verification**

- Conduct or commission independent surveys or audits to validate the information provided by the supply chain.
- Use reputable third-party services to ensure impartiality and accuracy in the audit results.

### **Implementation of internal controls**

- Establish or review internal policies and controls aimed at managing and mitigating risks effectively.
- Appoint a dedicated compliance officer at management level to oversee risk mitigation efforts, particularly for non-SME Operators.

### **Supplier engagement and support**

- Develop programs to support suppliers, especially smallholders, in meeting EUDR requirements through capacity building and direct investments.
- Regularly communicate with suppliers to ensure they understand and implement necessary compliance measures.

### **Documentation and record-keeping**

- Document all decisions and actions related to risk mitigation measures.
- Maintain comprehensive records of all additional information and audit reports as part of your compliance documentation.

### **Regular review and update**

- Schedule annual reviews of risk mitigation measures to ensure they remain effective and relevant.
- Update mitigation strategies based on new information or changes in the regulatory environment.

### **Independent audit function**

- For non-SME Operators, ensure that an independent audit function is in place to periodically review and validate the internal risk mitigation controls and procedures.

### **Transparency and accountability**

- Prepare to demonstrate the decision-making process and effectiveness of the implemented risk mitigation measures to competent authorities upon request.
- Ensure transparency in all mitigation activities to build trust and maintain compliance integrity.