



## Sustainability in Consumer Goods & Retail

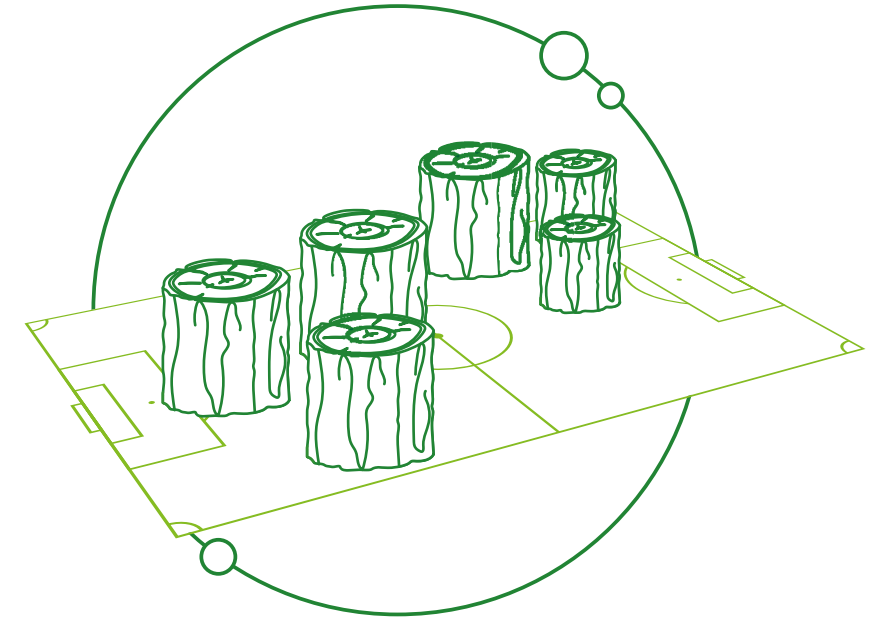
### Introduction to the EU Deforestation Regulation

# Why is the EU taking action against Deforestation?

### Background

The European Union (EU) acknowledges its role as a significant consumer of commodities linked to deforestation, which contributes to global climate change and biodiversity loss. Recognizing its responsibility to mitigate these impacts on global forests, the EU has enacted the 'EU Deforestation Regulation' (EUDR), which came into force on June 29, 2023. This landmark regulation is designed to ensure that products entering or exported from the EU do not contribute to further deforestation and forest degradation.

Starting from 30 December 2024 (or 30 June 2025 for micro and small enterprises), the EUDR will cover seven commodities – cattle, cocoa, coffee, oil palm, rubber, soya, and wood. These commodities are recognized as primary contributors to global deforestation and forest degradation. The regulation will extend to a range of products that contain these commodities, or that have been manufactured with or fed these materials. This approach aims to curb the environmental impact associated with the trade and consumption of these commodities.



Every 6 seconds, a forest area equivalent to a football field is cut down.

# Which commodities and products are covered by the EUDR?

Under the scope of the EUDR are cattle, cocoa, coffee, oil palm, rubber, soya, and wood, as well as specific products that contain, have been fed with, or have been made using these commodities, hereafter referred to as "relevant commodities" and "relevant products".

**What are the relevant commodities?** | Article 2 (1)

Cattle	Cocoa	Coffee	Oil Palm	Rubber	Soya	Wood
						

**What are exemplary relevant products?** | Article 2 (2) and ANNEX I

Leather from cattle	Chocolate	Roasted Coffee	Palm oil	Rubber tires	Soya bean flour	Wooden furniture
						

# What does the EUDR prohibit?

### **Prohibition** | Article 3

Relevant commodities and relevant products shall not be placed or made available on the EU market or exported, unless they are:



deforestation-free,



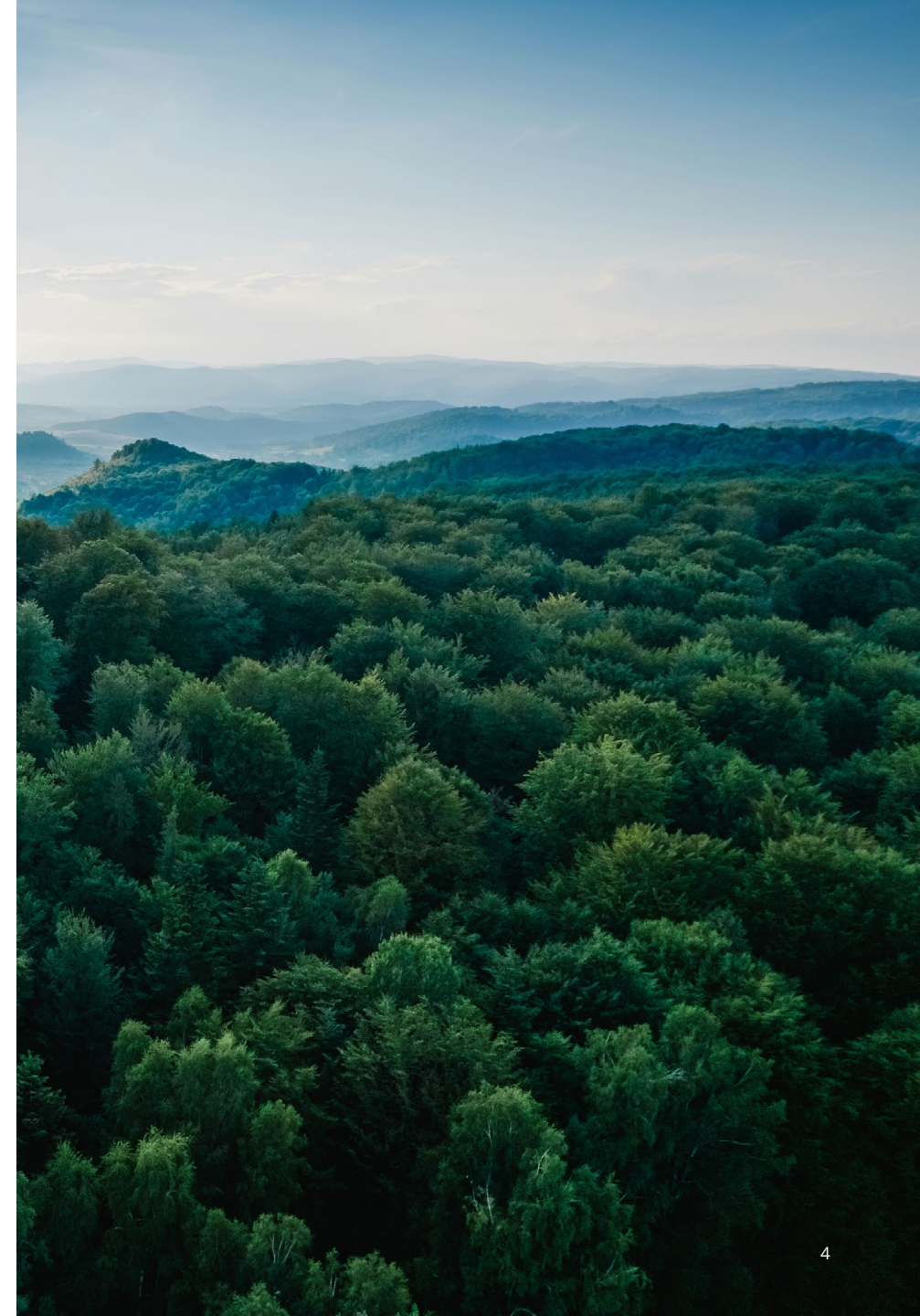
produced in accordance with the relevant legal regulations of the country of production, and



covered by a due diligence statement.

### **What are deforestation-free products?** | Article 2 (13)

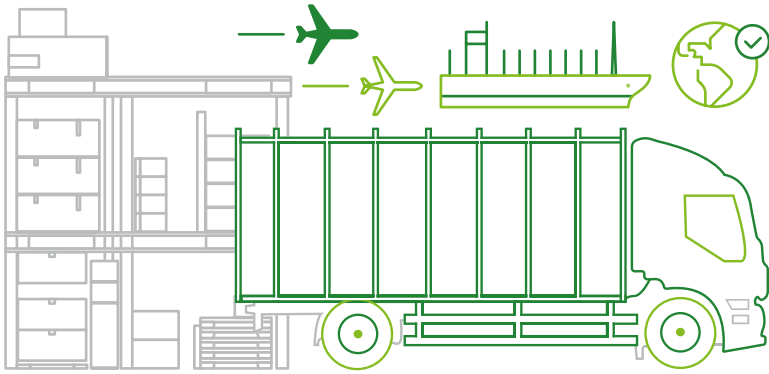
Deforestation-free products are defined as products that contain, have been fed with, or have been made using relevant commodities harvested from areas where no deforestation has occurred after December 31, 2020. In the case of products that contain or are made with wood, being deforestation-free means the wood was harvested from forests without causing any degradation after December 31, 2020.



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### Who will be affected?

Every participant in the supply chain must check if they qualify as “operator” or “trader” and look into which of the legal obligations they must fulfill.



#### **Operator** | Article 2 (15)

Anyone that commercially places relevant commodities or products on the market or exports them, with “placing on the market” referring to the initial placement of a relevant commodity or product on the EU market



#### **Trader** | Article 2 (17)

Anyone in the supply chain, aside from the operator, who commercially makes relevant products available on the market, with “making available on the market” encompassing the supply of relevant products for distribution, consumption, or use in the EU market, either for payment or free of charge

Retail or consumer goods enterprises could fall under both of the categories



# What are the key obligations?



**Perform product portfolio impact analysis** | ANNEX I



**Clarify trader and/or operator role** | Article 2



**Collect information, data and documents** | Article 9



**Assess risk of noncompliance** | Article 10



**Perform risk mitigation procedures and measures** | Article 11



**Submit due diligence statements to authorities** | Annex II





**Keep records and framework up to date** | Article 12



**Report** | Article 12 and 22

# When should you start and when must you comply?

Your company must be compliant by December 30, 2024 and should prepare at least six months in advance.

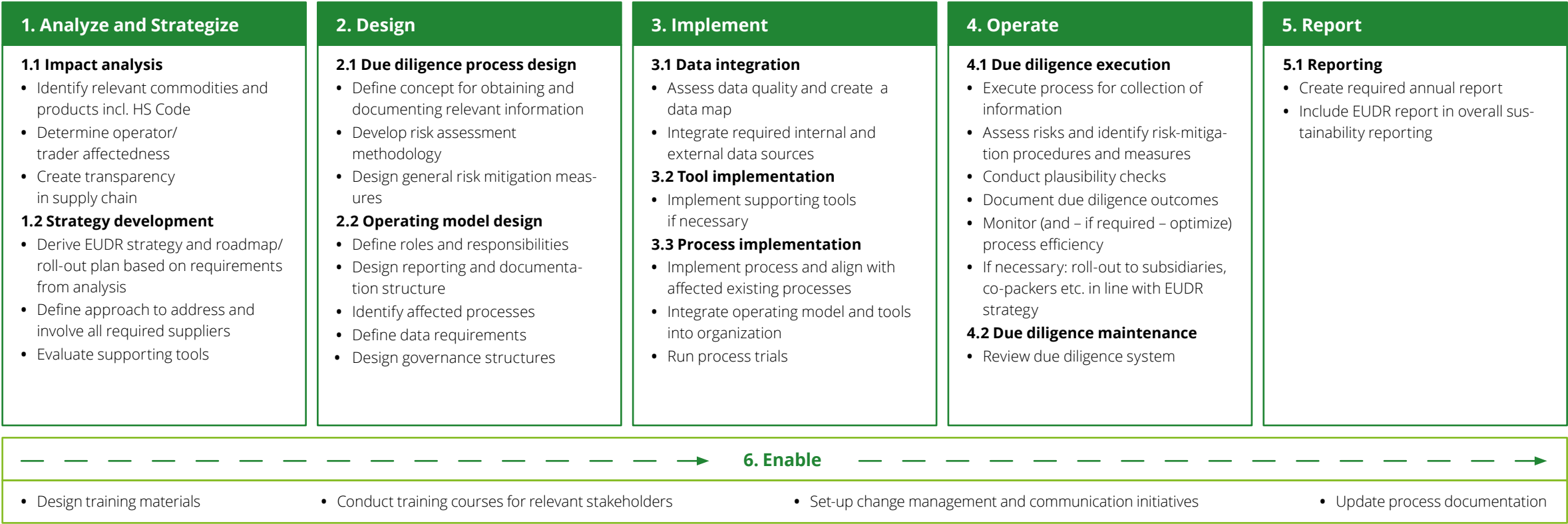
Compliance Timeline	Consequences of noncompliance   Article 24 and 25
<div><b>Optimal case:</b> As soon as possible</div> <div><b>Starting no later than:</b> June 2024</div> <p>The EU Deforestation-Free Products Regulation (EUDR) came into force on June 29, 2023 and its obligations apply from December 30, 2024 (or from 30 June 2025 for micro and small enterprises).</p> <p>Companies must implement a detailed due diligence process to comply and avoid penalties. It is recommended to start preparations at least six months before the above mentioned dates, depending on the specific company's requirements and supply chain involvement.</p>	<p><b>Consequences of noncompliance with EUDR include:</b></p> <ul style="list-style-type: none"><li>• <b>Potential withdrawals and recalls</b> of non-compliant products from the market</li><li>• <b>Ban on the distribution</b> of commodities or products that fail to meet EUDR standards</li><li>• <b>Fines of up to 4% of the total annual EU turnover</b></li></ul> <p>The Federal Agency for Agriculture and Food (BLE) is responsible for implementing and enforcing the EUDR in Germany. Governmental inspections can range from simple to complex technical and scientific checks, including DNA analyses.</p>



# Our exemplary approach towards your EUDR compliance

Based on our experience with other supply chain due diligence laws, we recommend the following approach to operationalize the EUDR requirements.

Exemplary



Deloitte can support you in your individual journey towards EUDR compliance



## Sustainability in Consumer Goods & Retail

# Your team for EUDR in Consumer Products & Retail



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