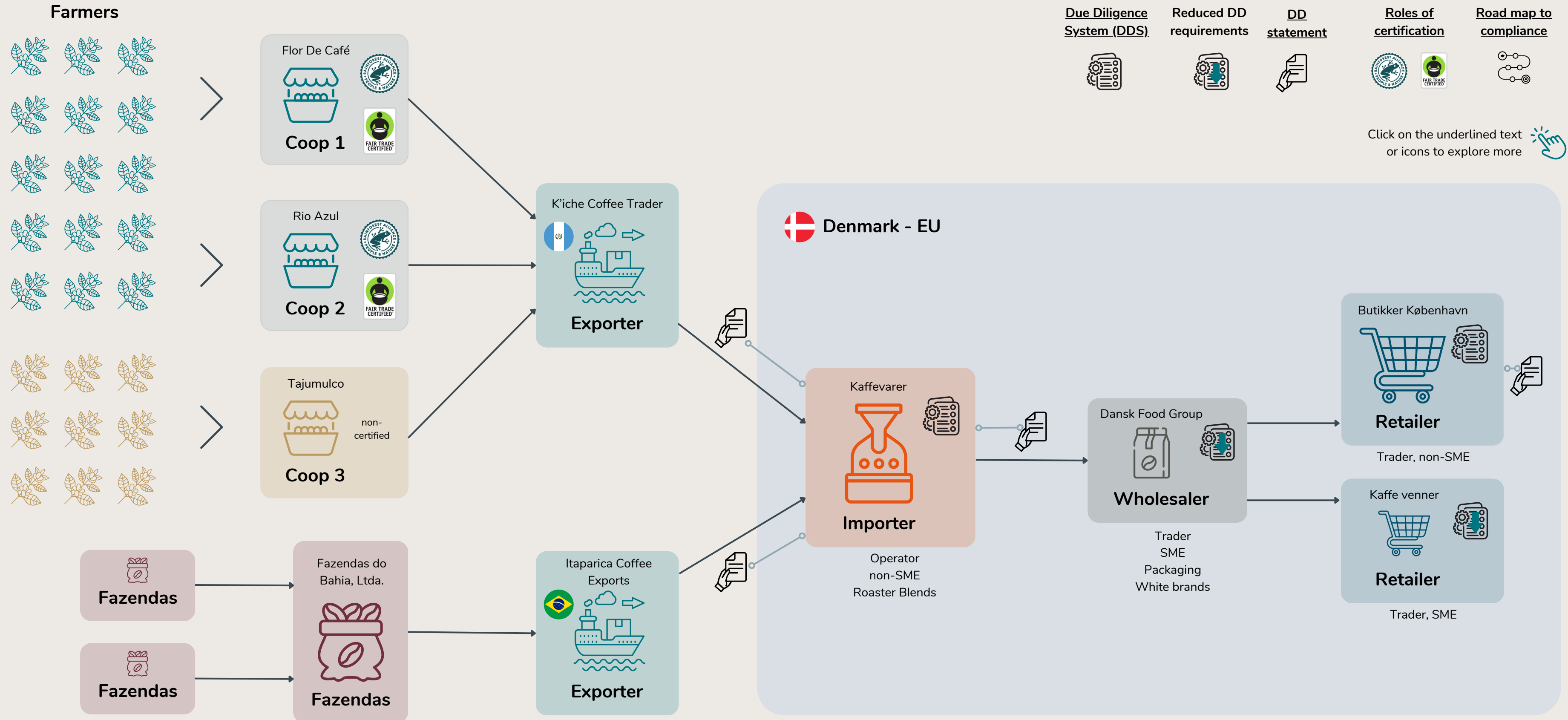
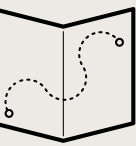


Case Scenario 1 | Coffee





Producers

Farmers



Flor De Café





Coop 1

Rio Azul





Coop 2

Tajumulco



non-certified

Coop 3

Fazendas do Bahia, Ltda.



Fazendas



Fazendas



Fazendas

The coffee producers in Guatemala and Brazil do not have any direct requirements under EUDR, but they will likely be contacted for relevant EUDR information, including geolocation data, and other information to satisfy legal requirements.

Challenges regarding Smallholders

Smallholders make up the first and also the most vulnerable link in coffee supply chains. An estimated 73% of world coffee is produced by smallholders.

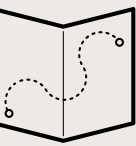
The EUDR could potentially result in EU buyers asking smallholders to implement costly traceability systems that allow for providing proof of no deforestation and legality at production level. Failure to provide with information needed by EU importers will result in losing access to EU markets. As a result of smallholders being left behind, forests could receive more pressure in the form of deforestation and forest degradation, due to loss of income and poverty.

Smallholders face a number of specific risks that require adequate attention from the public/private community of stakeholders involved with the implementation of EUDR:

- **Shifting to other markets or producers:** Importers seeking to mitigate their compliance risks and associated costs could opt for redirecting their sourcing to countries with lower risk profiles, thereby bypassing smallholders in high-risk countries. Also, EU buyers might adopt a cautious approach towards engaging with smallholders operating in areas designated as high risk by the EU or areas with high risk of deforestation.

- **Buyer lock-in and loss of bargaining power:** Smallholders and cooperatives might become overly dependent on individual or specific buyers for access to the EU market. This worsens the already limited bargaining power of the smallholders when engaging with the EU market.
- **Unequal documentation requirements and risk perception:** EU importers are likely to prioritise compliance with the EUDR while minimising their costs. There is the risk of buyers seeking to avoid forest-adjacent smallholders, due to the potential increase in documentation required to ensure compliance in those situations.
- **Additional costs of the EUDR being charged at farm level:** The additional documentation required will incur an added cost, burdening smallholders at farm level, with buyers avoiding to pass the extra costs onto end-users and related loss of competitiveness in the market.

This section is from Forests of the World's report "Why smallholders must be favoured in the quest for traceability - briefing for companies", which highlights the importance of involving and supporting smallholders in the implementation of traceability systems. In the report, Forests of The World have analysed a number of possible scenarios and provide recommendations for companies on how they can best support smallholders. Read about best practices [here](#). Find the full report [here](#).



Supply Chain Actor Description

A successful non-SME Operator, specializing in coffee imports, buys their products from Brazil and Guatemala for further processing and sale within the EU market. They procure their coffee from local exporters who, in turn, obtain beans from various producers, some of whom hold certifications while others do not.

Additionally, the Operator faces traceability challenges with certain producers. A possible scenario is that sourcing areas from Brazil and/or Guatemala may be classified as medium or high-risk by the European Commission. To ensure timely compliance with the EU Deforestation Regulation, the Operator commits to prepare to conduct thorough risk assessments.

K'iche Coffee Trader



For the Guatemalan Supply Chain, K'iche Coffee Trader has been delivering green beans to Kaffevarer for 10 years now, focusing on these 3 cooperatives.

Cooperatives 1 and 2 are RA and Fairtrade certified, with information and records from members very well organised and the cooperatives having well trained staff who participate in annual mapping exercises and holding annual assemblies and keeping farmers involved with requirements needed to access new markets.

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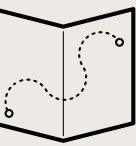
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Cooperatives 1 and 2 are RA and Fairtrade certified, with information and records from members very well organised and the cooperatives having well trained staff who participate in annual mapping exercises and holding annual assemblies and keeping farmers involved with requirements needed to access new markets.

However, for Cooperative 3- Tajumulco, it is not certified due to low resources, lacking a solid management structure and leadership. Information on geolocation of farms is not available and some technical and financial constraints have been reported to cover this requirement.

K'iche Coffee Trader, having received communication by Kaffevarer on the need to ensure compliance with EUDR, has suggested the Danish importer and long-time partner to exclude Coop. Tajumulco from supply base, offering to replace this material with some other certified Cooperatives that they can close agreements with for next harvest (Sep - Feb 24).

Kaffevarer has confirmed to K'iche Coffee Trader that they are willing to assist the non-certified cooperative with basic training and equipment that will help reaching EUDR compliance in terms of full geolocation information and deforestation risk assessment.



Itaparica Coffee Exports



The Supply Chain from Brazil consists of Itaparica Coffee Exports, a small, family-owned business acting as business partner for Kaffevarer also for more than 10 years now. Product is not certified.

Itaparica claims that all the green beans are sourced from a series of Fazendas owned by a large Producer located in Bahia State, Fazendas do Bahia Ltda. However, Fazendas do Bahia is in charge of preparing containers and deliver to port facilities rented by Itaparica. Itaparica has always trusted its supplier to be faithful to reported origins.

In order to get prepared for coming EUDR, Kaffevarer has reached out to a number of stakeholders in Southern Brazil and has recently found out that Fazendas do Bahia Ltda. may eventually engage with buying from other properties and small collectors which normally provide no guarantee of origin. In addition, some reports on labour rights by local authorities for Bahia State in relation with the coffee sector in big Fazendas have been shared with Kaffevarer.

Kaffevarer



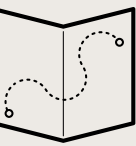
Kaffevarer has been in the business of importing, roasting and blending coffee since 1936 and has focused on specialty coffee since 2005. They run a number of products and supply chains from different countries, with the blends of arabica-robusta from Guatemala – Brazil being one of the most successful products they have in the market at the moment.

Kaffevarer Compliance Management team is preparing for getting fully compliant with EUDR since November 2023, when a Taskforce was formed across different company teams to evaluate current procedures, supply chains and elaborate an Action Plan to be implemented from July to December 2024 and be ready for 30 December 2024, when EUDR becomes applicable to companies.

Kaffevarer has already identified itself as an Operator, both because of acting as importer, and placing green beans on the EU market, and also because of processing green beans and converting into roasted coffee, a different coffee product included in the Annex of the Regulation.

EUDR obligations

Due Diligence – Prior to placing the in-scope product on the market – coffee beans (HS Code 0901) – Kaffevarer must exercise due diligence in accordance with Article 8 to prove the product is deforestation-free and produced in accordance with relevant legislation in the country of production (Article 4.1), or that due diligence has revealed a negligible risk of non-compliance (Article 4.4).



Kaffeverer

EUDR obligations (cont.)

A robust due diligence system includes the following elements:

1. Information – the information, documents, and data collected must demonstrate that the product is (a) deforestation-free, (b) has been produced in accordance with relevant legislation, and (c) is covered by a due diligence statement (Article 3). Specifically, the information should reference the requirements laid out in Article 9, including:

- a description of the product, including the trade name and type of product (Article 9.1.a)
- the quantity of the relevant products entering or leaving the market (Article 9.1.b)
- the country of production (Article 9.1.c)
- geolocation data on all plots of land where the commodities were produced in the form of latitude and longitude coordinate points (farms < 4ha) or polygons (farms > 4ha) (Article 9.1.d; Article 2.28)
- information on suppliers and buyers (Article 9.1.e; Article 9.1.f), and
- verifiable information concluding that the product is deforestation-free (Article 9.1.g) and was produced in accordance with the relevant legislation of the country of production (Article 9.1.h).

2. Risk Assessment – using the information gathered, conduct risk assessments according to the risk classification of the country of origin, following the European Commission Benchmarking system.

- Guatemala and Brazil could be graded medium or high risk, with some specific regions within both countries having different grading. The risk level will determine the thoroughness of risk assessment/risk mitigation process implemented.
- Relevant products derived from ‘low risk’ countries will permit a simplified due diligence approach, whereas products derived from ‘standard or high risk’ countries will require enhanced scrutiny (Article 13).

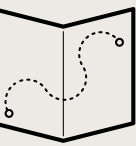
- Simplified due diligence allows you to avoid conducting risk assessment and risk mitigation. However, you will need to demonstrate that there is a negligible risk of circumventing the regulation or mixing with products of unknown origin, or originating from standard-risk or high-risk countries.
- Importer must not place relevant products on the market unless the risk assessment helps concluding no or only a negligible risk of the relevant products being non-compliant (Articles 4.4 & 10).
- In the absence of a benchmark—e.g., in the case of the European Commission’s announced delay to release country risk benchmarks—a country is considered “standard” risk until assessed otherwise.

3. Risk Mitigation – if the risk assessment provides a non-negligible risk conclusion, then risk mitigation measures must be fulfilled until the final Risk Assessment concludes negligible risk. Only then can the Due Diligence Statement be submitted to the Competent Authority (controlling the port of entry) via the TRACES Information System (Article 11). Risk mitigation examples may include:

- Collecting additional or more detailed information, data, or documents
- Conducting independent surveys or audits
- Switching to source certified products with stronger sustainability requirements and third-party verification
- Engaging with suppliers through capacity building and investments, particularly with smallholders
- Changing suppliers where the above measures are not feasible

To mitigate risks from the non-certified cooperative in Guatemala, Kaffeverer has decided to support coop. with resources to conduct effective geolocation of their farms.

To mitigate risks from the Brazilian supplier, Kaffeverer has requested Itaparica Exports to set up a Due Diligence system where they ensure all material is correctly traced back to plot and sample checks on labour rights are conducted on declared sourcing plots.



Kaffeverer

EUDR obligations (cont.)

Submission of Due Diligence Statement – prior to placing coffee beans on the EU market, a due diligence statement must be submitted to the Competent Authority via the TRACES Information System, only if the risk assessment concludes negligible risk (Article 4.2). It should include all required information outlined in Annex II (quantity, HS code, Kaffeverer contact details, country of production, geolocation of all plots).

Record keeping – relevant information such as Due Diligence Statement reference numbers and information collected for Risk Assessments (Article 9)—must be kept for 5 years (Article 4.3)

Note: because some examples of risk of mixing have been identified for both countries, the importer will need to take specific precautions to determine the origin of the product, including for certified products. Refer to this section at the end of the case study to review the role of certifications in EUDR.

Reporting / Information Disclosure

- If Kaffeverer is made aware of new information that indicates a relevant product on the market is not compliant, it must immediately inform the competent authorities of the Member States in which they made the product available, as well as Traders and Operators to whom they supplied the product (Article 4.5)
- Communicate relevant information—country of origin, supply chain map (if applicable), evidence of products being legal and deforestation-free, Due Diligence Statement reference numbers, and a description of the Due Diligence System implemented to ensure negligible risk—to downstream Operators and Traders (Article 4.7)
- On an annual basis, Kaffeverer will have to publicly report on its due diligence system as widely as possible, including via the internet, including on the steps taken by them to fulfil their obligations as set out in Article 8. (Article 12.3)

Documented procedures

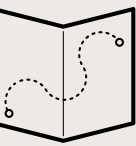
- Document the due diligence system, reporting procedures, and record keeping procedures (Article 12)
- Document all risk assessment and risk mitigation procedures, demonstrating how the information was checked against the risk assessment criteria set out in Article 10.2 and how they determined the degree of risk. Review at least annually. Documented procedures should be made available to competent authorities upon request (Article 10.4)
- Document any decisions on risk mitigation measures (Article 11.3)

Independent audits – Kaffeverer is required to conduct independent audits of its due diligence system at least annually, as it is a non-SME Operator (Article 11.2.b and 12.2)

Note: “independent” does not imply “third-party”. Audits can be conducted by the companies themselves, so long as the auditor is not involved in nor have direct responsibility for the performance of the activities being audited.

Responding to checks & controls by competent authority of Denmark – offer all necessary assistance to competent authorities to facilitate the carrying out of checks, including access to premises, documents, and records (Article 4.6). Controls could be made by other competent authorities if port of entry was outside Denmark.

General requirements – Assume responsibility for compliance of the relevant product with Article 3 of the text (Article 4.10).



Dansk Food Group (DFG)



Dansk Food Group (DFG) is a medium sized company according to EU Directive. Their activity consists of buying different coffee blends from Kaffevarer, its business partner for more than 20 years now, receiving the blends in aluminum foil (250 g and 1 kg sizes) to store and package the blends with branded cardboard packaging provided by its customers. DFG will be classified as SME Trader.

Due to being an SME trader buying and selling products already covered by DD Statements (submitted by Kaffevarer), DFG will not need to exercise Due Diligence or submit DD Statements. They will, however, keep records of its single supplier and customers and will request Kaffevarer for Reference Numbers of DD Statements covering Kaffevarer's sales in order to pass them down the supply chain to whoever may need them. In this case, the non-SME Retailer always requests for those since they need to submit their own DD Statements including Kaffevarer Reference Numbers of previous DD Statements.

Dansk Food Group only keeps records for 5 years and must address any requests of information received from the Danish Competent Authority.

EUDR obligations

Due Diligence

- Dansk Food Group is considered a Trader because it is an SME making its products available on the EU market. Therefore they are exempt from exercising Due Diligence and submitting Due Diligence Statements (Article 4.8) on the coffee roasted blends that are supplied by Kaffevarer.
- However, some minimum Due Diligence practices and checks are encouraged, such as obtaining from Kaffevarer basic information on their Due Diligence System and how it is implemented.

Submission of Due Diligence Statement – Not required

Reporting / Information Disclosure

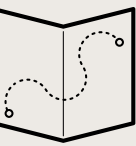
- If Dansk Food Group is made aware of new information that indicates a relevant product on the market is not compliant, it must immediately inform the competent authorities of the Member States in which they made the product available (Denmark), as well as Traders to whom they supplied the products (Article 4.5)
- Communicate relevant information to downstream Operators and Traders, including due diligence statement reference numbers submitted by Kaffevarer (Article 4.7).

Record keeping – relevant information such as Due Diligence Statement reference numbers and supplier/buyer information—must be kept for 5 years (Article 5.4)

Documented procedures – Not required

Independent audits – Not required

Responding to checks & controls by competent authorities – offer all necessary assistance to competent authorities to facilitate the carrying out of checks, including access to premises, documents, and records (Article 4.6)



Butikker København (BK)



Butikker København (BK) is a large retailer located in Copenhagen, selling many food and non-food products through its network of 5 stores. They have never been involved with any Due Diligence legislation and are worried that their roasted coffee blends purchased from DFG is at risk of non-compliance with the Regulation. They are aware that as non-SME Trader their obligations are the same as those of an Operator and is building its Sustainability Team to deal with all EUDR requirements.

Receiving the geolocation information for all the plots of origin related with these coffee products and all other EUDR products and having to submit DD Statements is indeed a great challenge.

In order to be on the safe side, BK has made the decision to source only Rainforest Alliance certified coffee products, and they have recently informed DFG, its longtime partner in specialty roasted coffee from America to move towards certified coffee starting 2026. In the meantime, DFG has been requested to provide all evidence that the coffee they supply will be EUDR compliant and want to know what kind of robust system will be applied to ensure that risk assessment is conducted in the most appropriate way.

Because of being a non-SME, Butikker København has same obligations as a non-SME Operator.

EUDR obligations

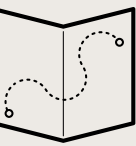
Due Diligence

- Prior to making available on the market the EUDR relevant product – roasted coffee (HS code 0901) – Butikker København must exercise due diligence checks. Based on Article 4.9, Butikker København can refer to previous Reference Numbers when submitting their own Due Diligence Statements, but only after having ascertained that the due diligence relating to the coffee was exercised in accordance with Due Diligence requirements for Operators (Articles 8 – 13).
- Since its supplier is an SME with no Due Diligence obligations, Butikker København must implement its own internal Due Diligence System in order to ascertain that Kaffevarer's Due Diligence was exercised correctly. This can either be achieved by getting information from Dansk Food Group or directly from Kaffevarer. Commercial criteria will direct to one option or the other.

Submission of Due Diligence Statement

- Prior to making roasted coffee blends available on the market, the company must submit a Due Diligence Statement to the European Commission (Article 4.2). It should include all required information outlined in Annex II.
- Because a due diligence statement was already submitted by Kaffevarer when placing roasted coffee on the market, Butikker København may refer to the previous Reference Numbers of the Due Diligence Statement submitted by Kaffevarer and passed down by Dansk Food Group when submitting their own statement (Article 4.9).

Record keeping – relevant information such as Due Diligence Statements and requirements in Article 9 - must be kept for 5 years (Article 4.3)



Butikker København (BK)

EUDR obligations (cont.)

Reporting / Information Disclosure

- If Butikker København is made aware of new information that indicates a relevant product on the market is not compliant, it must immediately inform the competent authorities of the Member States in which they made the product available (Denmark), as well as Traders to whom they supplied the products (Article 4.5)
- Communicate relevant information to downstream Operators and Traders, including due diligence statement reference numbers (Article 4.7)

Documented procedures – if Butikker København refers to a prior due diligence statement, the company should:

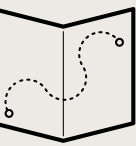
- Document the supplier's due diligence system (both Kaffevarer and Dansk Food Group), reporting procedures, and record keeping procedures (Article 12)
- Document all of the supplier's risk assessment and risk mitigation procedures, demonstrating how the information was checked against the risk assessment criteria set out in Article 10.2 and how they determined the degree of risk. Review at least annually. Documented procedures should be made available to competent authorities upon request (Article 10.4)
- Document any of the supplier's decisions on risk mitigation measures (Article 11.3)

Independent audits – Butikker København must conduct independent audits of its Due Diligence System (Article 11.2.b) As a risk mitigation action, it can also conduct independent audits of its suppliers' due diligence systems, such as Kaffevarer. As per Article 11.1.b, these audits should include checks to ensure the systems in place are capturing non-compliances before products are placed on the market.

Note: "independent" does not imply "third-party". Audits can be conducted by the companies themselves, so long as the auditor is not involved in nor have direct responsibility for the performance of the activities being audited.

Responding to checks & controls by competent authority of Denmark – offer all necessary assistance to competent authorities to facilitate the carrying out of checks, including access to premises, documents, and records (Article 4.6)

General requirements – Although Butikker København can refer to a previous due diligence statement, it will still retain responsibility for the compliance of relevant products with the regulation (Article 4.10).



Kaffe venner (KV)



KV is a small shop located in Aarhus city centre, selling a number of EUDR impacted products, with Kaffeverner roasted blend as one of its more successful products. They are asking Dansk Food Group if it's possible for Kaffeverner product to get Fairtrade certified.

Right now, they are being told that the Brazilian robusta coffee in the mix is not certified, that being the reason the blend is not FT certified.

KV is aware that as an SME Trader they don't have EUDR obligations beyond keeping records of Operators and Traders to whom they supply relevant products, and that supply them for 5 years and facilitate any traceability-related information to Danish Competent Authority upon request.

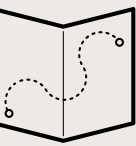
EUDR obligations

As an SME Trader company, Kaffe venner has **only basic traceability obligations under EUDR**.

It can only make roasted coffee available on the market, if (per Article 5): It is in possession of basic information of supplier (Dansk Food Group) and keeps it at least for 5 years, including Reference Numbers of related Due Diligence Statements.

In addition, Kaffe venner must:

- make available any EUDR-related information to Danish competent authorities upon request (Article 5.6)
- inform the Danish competent authorities in case they obtain or are made aware of relevant new information, including substantiated concern indicating that a relevant product that they have made available on the market is at risk of not complying with the Regulation (Article 5.5)
- offer all necessary assistance to the competent authorities to facilitate the carrying out of checks, including access to premises and facilitating access to documentation and records (Article 5.6)



Role of certification schemes

General

- Use certification as a tool for data collection and as a risk mitigator.
- Be aware of gaps in certification schemes.
- Certification schemes must be evaluated and benchmarked to EUDR.
- Certification is not a guarantee for compliance with the EUDR.

Rainforest Alliance



CoC Models:

- Best for EUDR: Identity Preserved – Traceable to farm level; however, 10% of non-certified product is allowed in final product.
- Medium for EDUR: Segregated – Could be traceable to country but very difficult; 10% of non-certified product is allowed in final product.
- Not Useful for EUDR: Mass Balance is not allowed for coffee, and would not be useful for EUDR due to mixing of conventional and certified cocoa making it very difficult for full traceability.
- Due to different levels of mixing allowed, none of the CoC Models currently in place provide access to geolocation for all the material, as required by the EUDR.

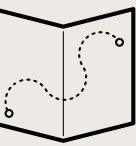
Updates for EUDR: As of January 2024, farmers are able to self-select criteria that align with EUDR requirements in the Rainforest Alliance Certification platform. Refer to Rainforest Alliance’s website for up-to-date information on alignment with EUDR: [How Rainforest Alliance Supports EUDR Compliance](#)

Fairtrade



Updates for EUDR: Fairtrade has updated its [Coffee Standard](#) requiring certified producers and Traders to strengthen deforestation prevention, monitoring, and mitigation.

The updated standard sets a deforestation cut-off date of January 1, 2014, indicating that no coffee should come from deforested land after that point. It also requires the collection of geolocation points, and farms larger than 4 hectares must have polygon maps.



Best practices regarding inclusion of Smallholders

To ensure that smallholders are not negatively impacted by the EUDR, the regulation already includes a provision that focuses on the EU Commission and Member States assisting smallholders by creating partnerships with producing countries.

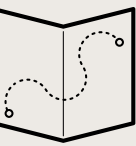
Fair pay: Sourcing strategies should prioritise fair pricing for smallholders, to support a living income and effectively tackle poverty as a key driver of deforestation.

See below some additional best practices that EU companies impacted by the EUDR can put in place in relation with traceability systems and the added burden they bring to smallholders:

- **Designing for farmer cooperatives:** Smallholders are not always familiar with or have the economic capacity to use digital technologies. Encourage working with cooperatives instead of individual farmers when designing traceability tools. Financing and training will be easier.
- **Storing data close to source:** Smallholders and cooperatives should have the ability to store and own farm-related data and use it for other purposes like cooperative management, certification, accessing loans and collaboration with service providers.
- **Interoperability:** Traceability systems should be interoperable to allow easy data sharing.
- **Simple and intuitive design:** Digital tools targeting grower groups should be simple and intuitive in their design to accommodate low levels of technical capacity and literacy.

- **Fair business models and reliable partners:** Smallholders regularly need financial and organizational support. They need EU stakeholders to help with maintenance and development of digital systems that are free of charge and open source.
- **Data premium:** Traceability systems should facilitate monetization of data and data premiums for farmers.
- **Documentation needs to be based on local conditions and capacity:** In order to comply with EUDR requirements on geolocation and legality, verification and archiving of documents such as property deeds or labour contracts should be made accessible by applying easy to use systems and adapted formats or methodologies.

This section is from Forests of the World's report "*Why smallholders must be favoured in the quest for traceability - briefing for companies*", which highlights the importance of involving and supporting smallholders in the implementation of traceability systems. In the report, Forests of The World have analysed a number of possible scenarios and provide recommendations for companies on how they can best support smallholders. Find the full report [here](#).



Setting up a Due Diligence System



Internal Responsibilities and Procedures

Designate individual responsibilities for all applicable elements of the regulation and inform the entire organization of these roles and responsibilities.

Outline procedures/processes for each element of the Due Diligence System; ensure each element is either documented or created where missing. Main components of a Due Diligence System include:

- Basic Quality Management System requirements – clear detailed list of procedures, instructions for keeping records and conducting internal reviews.
- Procedures on how to collect information related to EUDR compliance and how to conduct risk assessments.
- Clear criteria for risk assessments to ensure only legal and deforestation-free products enter the EU market.
- Procedures for implementing effective risk mitigation actions when risk assessment produces “non-negligible” results.
- Ensure Due Diligence System procedures and records are easily accessible to company staff and Competent Authorities when requested.
- Review existing sustainability strategy to ensure alignment with the core values of the EUDR and emphasize a commitment to responsible sourcing practices that exceed basic compliance
- Developing long-term partnerships with suppliers
- Jointly addressing root causes of deforestation
- Sourcing strategies should prioritise fair pricing for smallholders, to support a living income and effectively tackle poverty as a key driver of deforestation.

Have one source of updated documents and procedures that are visible to all relevant staff. Maintain one master list to track procedures; list should include a brief description, elements of due diligence covered, date of creation, date of last review, and responsible team.

Review procedures annually to ensure relevancy and that relevant staff are trained on the appropriate procedures.



Access to Information

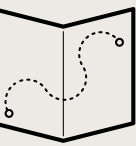
- Keep all documentation and records of risk assessments for a minimum of 5 years.
- Establish a strong knowledge sharing system with suppliers to ensure suppliers of relevant products are aware of requirements and are committed to them.

Certification: may supplement or support the collection or transfer of information. However, risks of the certification scheme must be assessed prior to use (see Certification under Risk Assessment, below).



Risk Assessment

- Determine which products will need risk assessments and if they will require a full risk assessment or simplified risk assessment (depending on country risk level, per Article 13).
- For simplified due diligence implemented on material produced in a low risk country, you can avoid conducting risk assessment and risk mitigation. However, you will need to demonstrate that there is a negligible risk of circumventing the regulation or mixing with products of unknown origin, or originating from high-risk or standard-risk countries.
- Develop risk assessment methodology and risk assessment report template to document process and keep accurate and dated records. You can access a sample risk assessment report template [here](#).
- Develop risk assessments for all relevant areas of risk at the country or subnational level for each commodity’s supply chain. Risk assessments should include legal violations related to harvesting activities, trade and transport, concerns of corruption/document falsification/lack of enforcement, risk of mixing, presence of forests and prevalence of deforestation or forest degradation, review of trade/regulatory complaints, reliability of documentation, and risk assessment of certification.



Setting up a Due Diligence System (cont.)

- Review risk assessments on an annual basis.
- Should non-conformities be found, implement red flags to prevent products from moving forward without the required information for EUDR-relevant products. Document any actions taken for monitoring and reporting purposes.

Certification: If using certification schemes to supplement data collection, supplier management, or as a form of risk mitigation, the risk of non-compliance of the scheme with EUDR should be assessed, with gaps clearly identified (either within the standard, or the scheme itself, i.e. in cases of corruption).



Risk Mitigation

Create a list of anticipated risks/non-conformities potentially found during risk assessment phase.

Establish action items or plans for each risk item or potential non-conformity. A mitigation hierarchy should clearly outline mitigation actions in accordance with severity of risk.

Risk mitigation options may include:

- Supplier training/capacity building
- Desk or on-site audits of suppliers or producers
- Changing the raw material of the product

Certification: requiring certification may be used as a form or risk mitigation in particular instances or regions. Only if the risk of the certification scheme has been assessed.

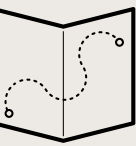


Due Diligence Statement

If needed, develop a Due Diligence Statement template (according to Annex II of the Regulation) where information can be filled and later transferred (using API or other) to Information System (TRACES) to be used (1) for every import/shipment, (2) for every export, (3) before placing on the market relevant products (if non-SME operator) or (4) before making available on the market (if non-SME trader) and make sure it includes the following information:

- Name of the importer/exporter,
- Address, and sometimes the Economic Operators Registration and Identification (EORI) number – for import and export.
- A description of the product, including the trade name, the scientific name, and the quantity of the product.
- The country of production and geolocation information of the plots of land relevant to the harvest of commodities, including time range of production (geolocation file using GeoJSON format).
- For cattle (beef/leather) only, geolocation of all farms where the cattle were raised, as well as evidence due diligence was carried out on feed fed to cattle (geolocation file using GeoJSON format).
- Reference numbers of existing due diligence statements are needed if importers/ exporters are referring to them (per Articles 4.8 and 4.9)
- A statement confirming that due diligence has been carried out in accordance with Regulation (EU) 2023/1115 and no or negligible risk for non-compliance was found.
- The date and a signature.

Roadmap to compliance



Assess all product references within commercial activity to understand scope of EUDR and determine potential extent of EUDR obligations.



Engage also with clients which are impacted by the EUDR to ensure their due diligence and reporting needs will be covered.



Develop a due diligence system, including information collection, risk assessment, and risk mitigation procedures which assess all of the relevant criteria outlined in the regulation.

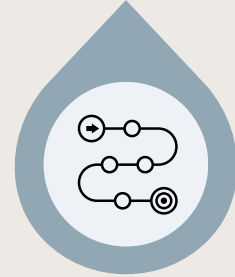


Engage with and support suppliers toward EUDR compliance, striving to exceed regulatory requirements, for example:

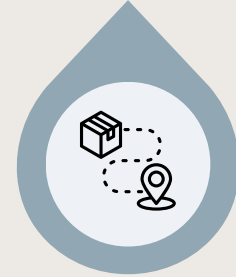


- Provide training and/or financial incentives to implement EUDR procedures.
- Develop a premium product and share in cost to help suppliers come into compliance with EUDR.
- Strengthen relationships with Cooperative leadership and establish commitments to work toward EUDR compliance.
- Conduct technical assessments and, if necessary, invest in equipment needed for producers to generate and communicate accurate geolocation and time range of production data.
- Participate in multi-stakeholder platforms oriented to ensure EUDR compliance with public and private sector actors.
- Support implementation of certification schemes and recognise premium prices.

Map relevant supply chains and begin engagement with suppliers to prepare for compliance with EUDR.



Invest in supply chain traceability software and train suppliers on proper use. If possible, go for sector-wide solutions developed jointly through coordination of communities, NGOs, industry and Governments.



Assess robustness of due diligence systems of upstream suppliers, if necessary (per Article 4.9), in order to ascertain that due diligence has been exercised properly before referencing previous Due Diligence Statements.

