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September Newsletter

European Union Deforestation Regulations & RSPO Market Claims update



European Union Deforestation Regulations (EUDR)

You will probably have heard “EUDR” many times already. This month we thought it might be useful to lay out what we have seen so far. The one thing we do know is there are still a lot of questions regarding the right measures to be in place by the end of 2024.

The EUDR (EU Deforestation Regulation) prohibits operators and traders from introducing, offering for sale, or exporting specific commodities such as cattle, cocoa, coffee, oil palm, rubber, soya, and wood, along with their derived products, unless these products meet the following criteria:

- they must be free from deforestation
- comply with the applicable laws of the country where they were produced
- and be accompanied by a due diligence statement

Furthermore, these products must originate from land that has not experienced deforestation (or, where applicable, forest degradation) after December 31, 2020.

We still have until the end of December 2024 before the regulation comes into full effect, and between now and then operators and traders are not obliged to meet the regulations.



Are you an Operator or a Trader?

Have you considered your organisations role within the EUDR? The Deforestation Regulation pertains to “operators,” meaning individuals engaged in commercial activities who introduce relevant commodities or products to the EU market or export them from there. When a product from a person outside the EU is placed on the EU market, the first EU-based person who subsequently offers these products on the market is considered the relevant operator. An entity is considered “established in the EU” if it has its registered office or central headquarters within the EU, or if it maintains a permanent business presence in the EU.

The Regulation also encompasses “traders,” which includes anyone in the supply chain other than the operator, who, as part of their commercial activities, makes relevant products available on the EU market.

In the case of online marketplaces, the Regulation specifies that it applies “regardless of whether the offering on the market occurs through traditional or online methods.”

Do you know if you'll be affected by the EUDR?

Are you part of the supply chain for specific commodities such as cattle, cocoa, coffee, oil palm, rubber, soya, and wood, along with their derived products? If so, then the EUDR will affect you. In 2025 the regulation's scope may be widened to consider other commodities.

Do you know the work needs to be done BEFORE placing ANY goods into the EU market?

Goods need to meet the EUDR requirements BEFORE being placed into, or export from, the EU market. This means that preparations are required to reduce the impact and not in retrospect.

The Regulation mandates that operators or traders must track each relevant commodity's origin to its specific plot of land before making it available for sale, introducing it to the market, or exporting it. As a result, providing the due diligence statement, which includes geolocation data, is a prerequisite for shipments involving imports (under the customs procedure 'release for free circulation') and exports (under the customs procedure 'export'), as well as for consignments within the Union market.



Did you know this will apply to imports AND exports?

An operator or trader that engages in commercial activities by introducing relevant products into the Union market or exporting them from the Union market. The Regulation is applicable to both exports and imports. When operators export relevant products, they are required to incorporate the reference number from the due diligence statement into their export declaration.

What if my organisation deals with Mass Balance?

The Regulation prohibits mass balance chains of custody, which permit the mixing of deforestation-free commodities with commodities of uncertain origin or those not meeting deforestation-free standards at any point along the supply chain. This prohibition is in place because it cannot ensure that the commodities introduced to the Union market or exported from it are genuinely deforestation-free. Consequently, commodities intended for the Union market or exportation must remain separate from commodities of unknown origin or those not meeting deforestation-free criteria at every stage of the supply chain.

Do you know there will be different levels of due diligence depending on 'at risk' benchmarks?

The classification of countries into low, standard, or high-risk categories will significantly impact the extent of due diligence that operators and traders must undertake. More stringent due diligence obligations will apply to commodities originating from countries designated as “high risk.”

The Commission is required to publish a list of countries, or their regions categorised as presenting either low or high risks, no later than December 30, 2024. This list will undergo regular reviews and updates as needed.

Factors that are said to be considered will be deforestation rates, forest degradation, and the expansion of agricultural land for relevant commodities, as well as production trends in relevant commodities and products. The Commission may also account for laws safeguarding human rights, the rights of indigenous peoples, local communities, and other customary land rights holders.

This list may not be released much before the regulations take effect at the end of next year.



Do you have your own due diligence process?

Operators and traders are obligated to exercise due diligence for all relevant products received from individual suppliers. To fulfil this requirement, they must implement a due diligence system that encompasses the collection of necessary information, data, and documents, as specified in the regulations. This system should also include risk assessment measures and risk mitigation measures.

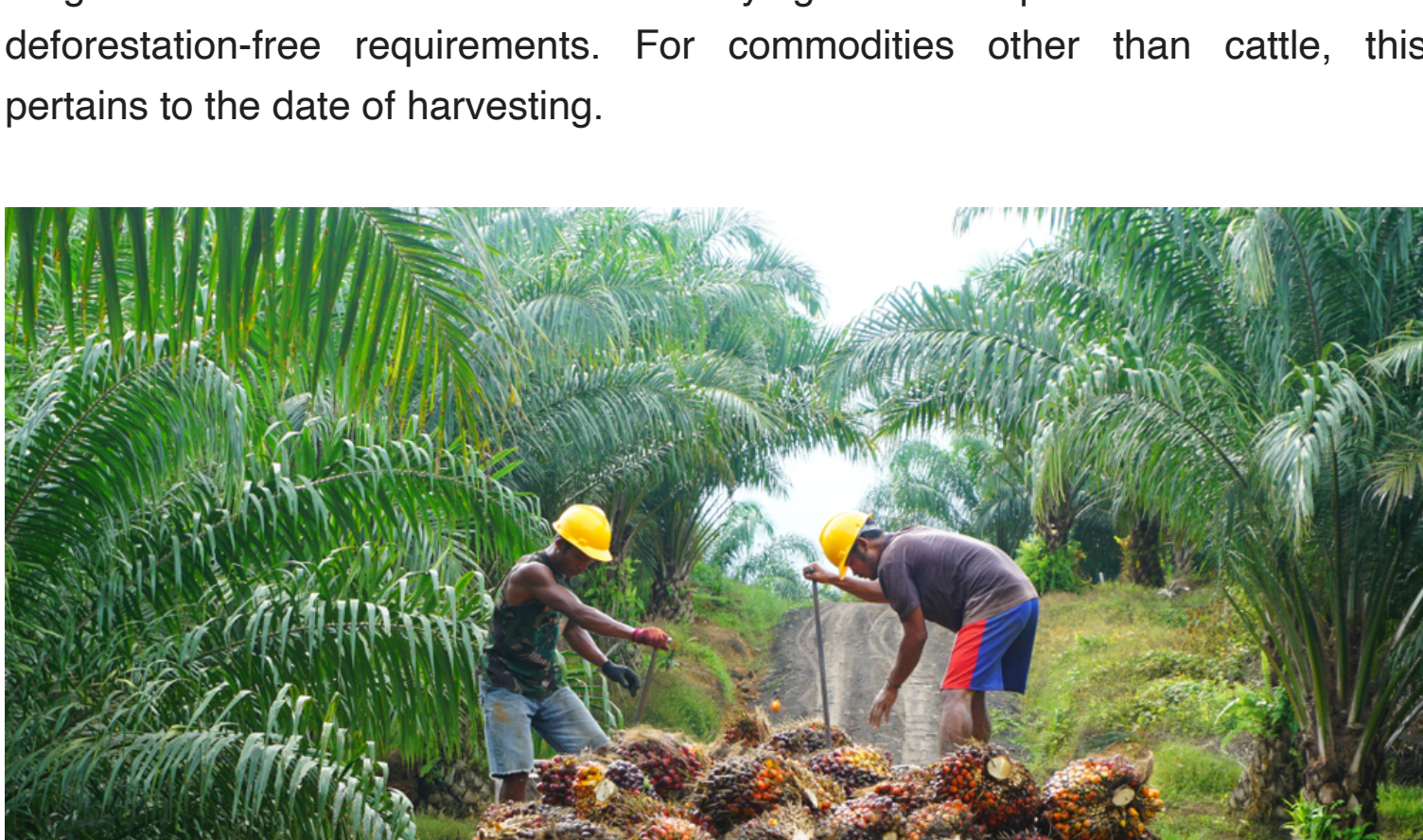
Operators are also responsible for sharing all essential information with downstream operators and traders in the supply chain to demonstrate the implementation of due diligence and the absence of significant risks.

The European Union will develop and launch an IT system to upload due diligence statements but ultimately each operator and trader will need its own internal due diligence systems and policies. As goods move along the supply chain, other types of user will also need a way of recording the due diligence information gathered from the operators and traders.

Do you know about Geolocation tools?

The responsibility for gathering geolocation coordinates of the land plots where commodities were produced lies with the operator and traders. If the operator is unable to collect geolocation data for all the land plots involved in a shipment, they are not permitted to introduce the products to the Union market or export them.

Operators and traders bear the ultimate responsibility to confirm these geolocation coordinates comply with the EUDR criteria. Operators and traders have an obligation to gather information regarding the production date or time range. This information is crucial for verifying whether a product adheres to the deforestation-free requirements. For commodities other than cattle, this pertains to the date of harvesting.



Some key questions to start asking are:

- What commodities, from the EUDR list, are in my supply chain?
- What countries do these commodities come from?
- What are my current gaps in recording information in the supply chain?
- What would EUDR information and policy recording look like for you?
- What other laws might you need to consider in the future?

The compilation of this information, was taken from:

[EUDR full regulation](#)

[EUDR FAQ](#)

[Due Diligence Duties piece](#)

[Benchmarking piece](#)

[Overview piece](#)

RSPO Marketing Communication and Claims new rules are now in place

After a 12-month transition period the new RSPO Market Claims and

Communications rules come into effect this week. [Read the full update](#)

Some highlights to note are:

1. The RSPO Trademark can no longer be used for product-specific communications (on pack/off pack). Members are required to use the RSPO Label together with a valid RSPO Trademark licence number.
2. Members are allowed to make one-liner claims on pack without having to use the RSPO Label in case of limited space on pack. However, it shall always be accompanied with a valid RSPO Trademark licence number.
3. The Remote Audit Procedure for organisations that do not further modify end products or do not need to undergo Supply Chain Certification but are planning to use their own RSPO Trademark licence number has been updated with specified guidelines.
4. The document is divided into two core communication areas instead of three (i.e., General Corporate Communications and Product Specific Communications).
5. The Parent Entity to apply for the RSPO Trademark licence and represent all entities within its group. Existing RSPO Trademark licence holders may opt to use their own trademark licence number or consolidate under the parent entity.

