



EU Deforestation Regulation (EUDR): Insights from other commodities

Zoological Society of London (ZSL)

4th July 2024 | Lifting the Cover, Book Chain Project Seminar

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About ZSL

About ZSL



We're ZSL - an international conservation charity driven by science, working to restore wildlife in the UK and around the world by protecting critical species, restoring ecosystems, helping people and wildlife live together and inspiring support for nature.



ZSL is an **international conservation charity** based in London, founded in 1826



ZSL Directorates include **Conservation, Science & Zoos**



922 staff
201 Conservationists
84 Scientists



150,000+ members of ZSL who contribute to our mission



HQ in London, with 10 regional offices across Africa & Asia and work in 50 countries



We work for **wildlife, people** and the **planet**

Our Strategy & Impact



**PROTECTING
SPECIES**



**RESTORING
ECO-SYSTEMS**



**LIVING WITH
WILDLIFE**



**INSPIRING
CHANGE**

166 million
people reached by
ZSL's science &
research

2 million
visitors
to our
conservation Zoos

16
Extinct-in-the-wild
species conserved
by ZSL

>1,600
illegal wildlife trade
products seized
with ZSL support

3,370
animals confiscated
by UK border force
& housed by ZSL

208
peer-reviewed
research papers
by ZSL staff

2

The problem of deforestation

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3

The EU Deforestation Regulation (EUDR)

Which products are regulated?



Rubber



Palm Oil



Cocoa



Wood



Beef



Soy



Coffee

Derived products

(leather, chocolate, furniture, paper, etc.)

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



TEXTS ADOPTED

P9_TA(2023)0109

Deforestation Regulation

European Parliament legislative resolution of 19 April 2023 on the proposal for a regulation of the European Parliament and of the Council on making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (COM(2021)0706 – C9-0430/2021 – 2021/0366(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2021)0706),
- having regard to Article 294(2) and Article 192 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0430/2021),
- having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
- having regard to the reasoned opinion submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Swedish Parliament, asserting that the draft legislative act does not comply with the principle of subsidiarity,
- having regard to the opinion of the European Economic and Social Committee of 23 February 2022¹,
- after consulting the Committee of the Regions,
- having regard to the provisional agreement approved by the committee responsible under Rule 74(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 21 December 2022 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
- having regard to Rule 59 of its Rules of Procedure,

¹ OJ C 275, 18.7.2022, p. 88.

What EUDR means for companies

Products cannot be placed on the EU market unless they are:

1

Deforestation-free

2

Produced legally

3

Covered by a Due Diligence Statement

What is Due Diligence?



Due Diligence



1

Data and information collection

- Name/product
- Quantity
- Country of production
- Supplier of product
- Buyer of product
- **Geolocation of the production site (point data, >4ha polygons) & time of production)**
- **Information on deforestation-free production**
- **Information on legal production**

2

Risk Assessment

- Risk status in benchmarking
- Presence of forests in country & area
- Presence of indigenous groups
- Consultations & cooperation with indigenous groups
- Credible claims of indigenous groups
- Deforestation rate & degradation
- Credibility of documents
- Situation in the country
- **Supply chain complexity**
- Risk of circumvention
- Conclusions of EU Expert Group
- Substantiated concerns
- Any relevant information
- Certification

3

Risk Mitigation

- Requesting additional documents
- Additional verification through surveys or audits
- Support for producers, in particular smallholders, through capacity building & investments

4

Due Diligence Statement

- Company name
- HS code, scientific name, quantity
- Country of production and geolocation of all plots of production
- Statement on the assumption of responsibility



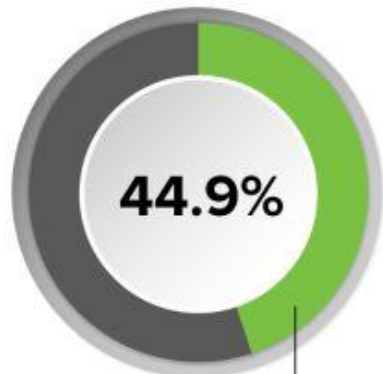
Operators and traders shall exercise 'due diligence'
prior to placing products on the EU market from

December 30th 2024

4

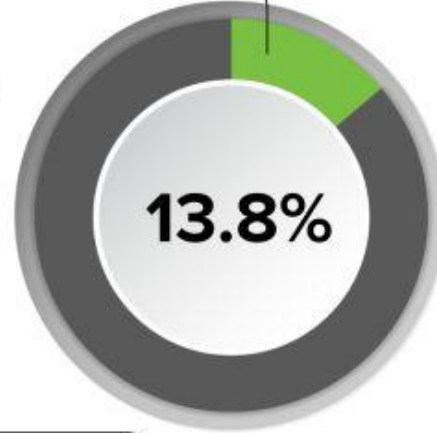
Insights from different commodities

2023 SPOTT ESG Transparency Assessments

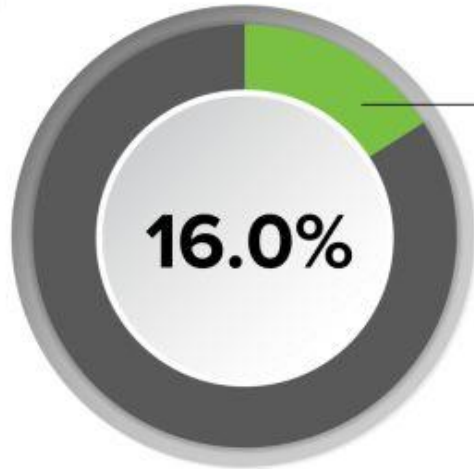


44/98 **palm oil** companies publicly disclose a time-bound commitment to achieve 100% traceability to plantation level

4/29 **natural rubber** companies publish a time-bound commitment to achieve 100% traceability to jurisdictional level for smallholders



4/25 **natural rubber** companies publicly disclose a time-bound commitment to achieve 100% traceability to industrial plantations



100% traceability from suppliers to origin plantation?

- **Palm oil:** 8.5% (6 out of 71) companies
- **Timber & Pulp:** 6.4% (6 out of 9) companies
- **Natural rubber:** 0% (0 out of 19) companies

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Palm Oil



Market characteristics:

- ~40 % of palm oil produced by smallholders.
- Ubiquitous across food, cosmetics, biofuel, animal feed, chemicals
- Indonesia & Malaysia produce 85% - 90%
- ~78 refineries are key bottlenecks (but they are not EUDR Operators)
- 20% of production is RSPO certified. 93% imports to EU.
- Mass Balance system allows mixing on un-controlled sources.

EUDR preparations:

- RSPO introducing PRISMA to aid EUDR compliance.
- Gap analysis of RSPO Principles & Criteria
 - Definition of forest
 - Legality information not transferred
 - Geolocation
 - Traceability to smallholder level



Natural rubber



Market characteristics:

- 85% of natural rubber produced by ~6 million smallholders
- 70% global production used for tyre making
- Thailand (34%) and Indonesia (26%) global production
- Key risks are deforestation, illegal labour, unclear land tenure, smallholder livelihoods.
- Very low % certified supply chains & low traceability (prior to EUDR)
- 7 years to produce rubber

EUDR preparations

- GPNSR represents all major rubber sector players >50% global volumes.
 - Collaborative initiatives through Shared Investment Mechanism
 - Developing EUDR-aligned assurance mechanism.
 - Mass smallholder capacity building & legality support.
- Thailand govt proactively mapping geolocations, Indonesia trickier due to complex supply chains & decreasing yields.
- EU Tyre Makers requested more testing of EUDR Information System



Timber & Pulp



Market characteristics:

- Experience of EUTR since 2013 | Mature voluntary sustainability schemes (FSC & PEFC)
- More advance on legality risk assessment & resources ([Sourcing Hub](#), [Timber Trade Portal](#), [FSC Risk Assessments](#))
- [74% of wood and 90% of pulp](#) purchased by the European pulp and paper industry was FSC or PEFC certified in 2020.
- Forensic testing methods proven in wood supply chains unlike other commodities.

EUDR preparations:

- FSC & PEFC are actively aligning systems with EUDR requirements.
 - Changes to FSC Principles, FSC Blockchain, Geolocation support.
 - PEFC P&C being aligned with EUDR definitions and strengthened around 'degradation'. Also recently announced partnership with LiveEO for satellite monitoring.
- Certification is not sufficient on its own to ensure EUDR compliance

Lessons learned

1. **Identify bottlenecks** in supply chains
2. **Collaborate and share costs** to effect change upstream
3. **Sharing data and best-practice** (pre-competitively) increases impact
4. Use the regulation to **empower** not disadvantage SMEs and smallholders
5. **Communicate impact** of your actions

3.

How can ZSL support?



Raising awareness of the regulation with businesses



Supporting businesses to ensure they are not cut out of EU markets by:

1. Mapping landholdings
2. Implementing practices which don't cause deforestation
3. Forming cooperatives to support certification and traceability



Satellite monitoring of deforestation and degradation



Supporting businesses to develop due diligence systems and trace supplies



Supporting businesses to invest in nature-based solutions

4.

Questions & answers