



NAVIGATING THE EUDR COMPLIANCE

Introduction

The European Deforestation Regulation (EUDR) is a landmark piece of legislation designed to combat global deforestation and forest degradation, set to take effect in December 2025. This regulation aims to prevent the import of commodities linked to deforestation, including soy, beef, palm oil, wood, cocoa, and coffee, along with their derived products such as paper and furniture. By addressing these critical issues, the EUDR promotes responsible sourcing and aims to protect vital ecosystems that are essential for biodiversity and climate stability.

Driven by the urgent need to mitigate the impacts of deforestation on climate change and biodiversity loss, the EUDR aligns with the EU's commitments under international agreements like the Paris Agreement. It mandates that companies demonstrate their products have not contributed to deforestation since December 31, 2020, while

also ensuring compliance with applicable laws related to human rights and environmental protection. This comprehensive approach underscores the regulation's commitment to fostering sustainable production practices worldwide.

The EUDR will significantly impact various industries reliant on commodities linked to deforestation, requiring businesses to adapt their supply chains accordingly. As large companies face compliance deadlines by December 30, 2025, and small and medium-sized enterprises (SMEs) by June 30, 2026, there is an increasing urgency for all stakeholders to prepare for these changes. The regulation not only aims to safeguard forests but also seeks to protect the rights of Indigenous communities disproportionately affected by unsustainable land use practices.



Deforestation Rates

The world lost approximately 10 million hectares of forest annually from 2015 to 2020. This statistic highlights the urgent need for regulations like the EUDR to combat deforestation.

EU Imports Linked to Deforestation

The European Commission estimates that the EU imports about 10% of global deforestation, mainly through commodities like palm oil, soy, cocoa, and coffee. This highlights the impact of EU imports on deforestation rates.

Economic Impact

Implementing the EUDR could lead to a reduction in EU imports of deforestation-linked commodities by up to 30% by 2030, significantly altering market dynamics and encouraging sustainable sourcing practices.

Investment Requirement

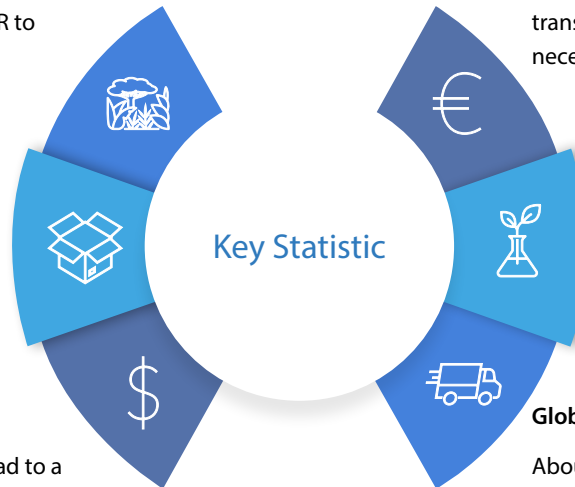
The estimated cost for businesses to comply with the EUDR is around €1 billion, which includes investments in supply chain transparency and due diligence processes necessary to demonstrate compliance.

Biodiversity Conservation

The EUDR is projected to help protect approximately 2 million hectares of forest annually by reducing demand for products linked to deforestation, contributing positively to biodiversity conservation efforts.

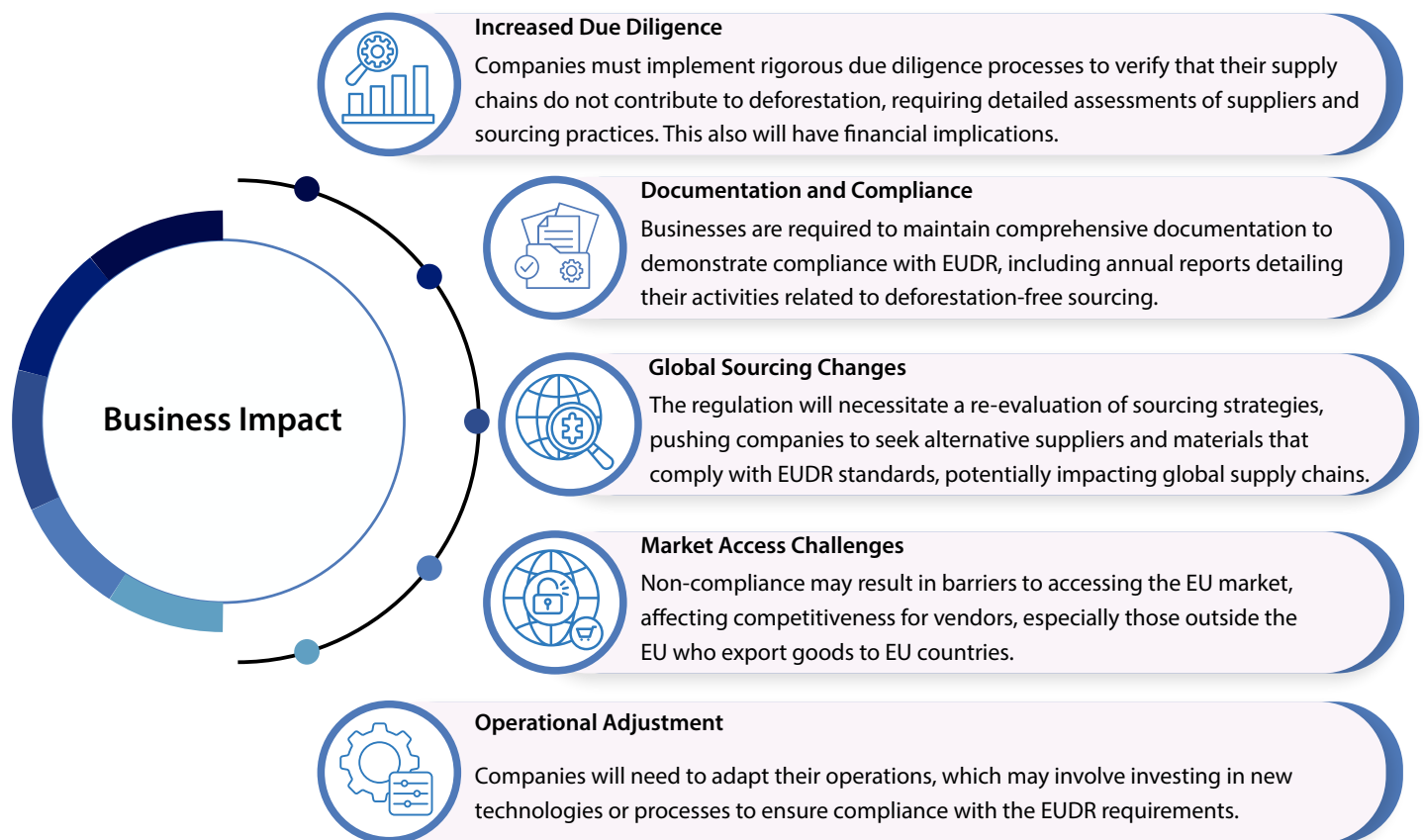
Global Supply Chain Impact

About 60% of companies operating in sectors affected by the EUDR will need to make significant changes to their supply chains to comply with the new regulations.



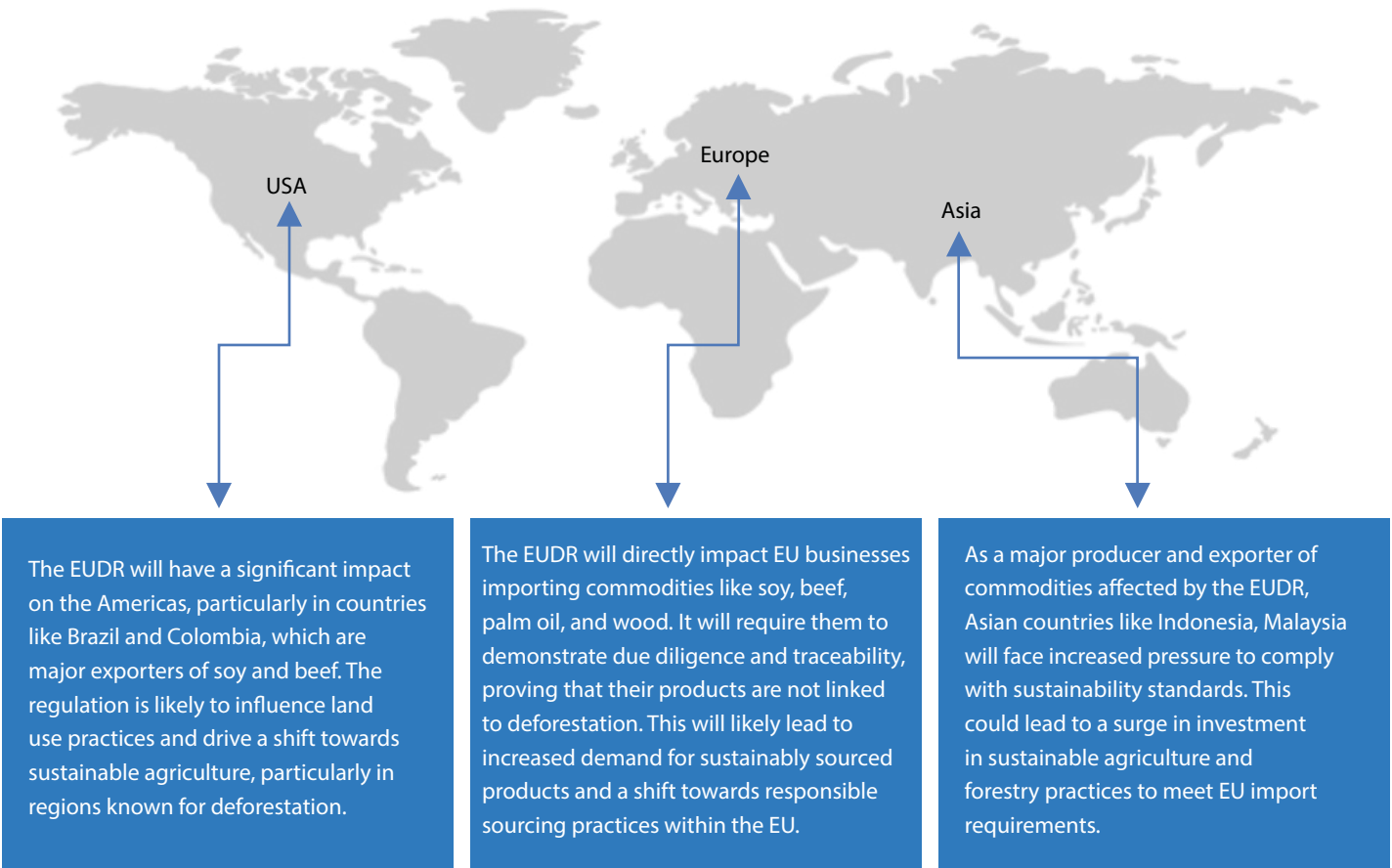
Impact on Businesses

The EUDR is set to reshape how businesses operate within the EU market by enforcing strict compliance measures aimed at reducing deforestation.



Market Insights: Global Impact

The European Deforestation Regulation (EUDR) is poised to have a significant impact on global markets, influencing the supply chains of various commodities linked to deforestation.



“The EUDR has the potential to reshape global markets, promoting responsible sourcing and incentivizing sustainable practices. While the full impact remains to be seen, it’s clear that the regulation will have a profound influence on businesses and consumers across the globe.”



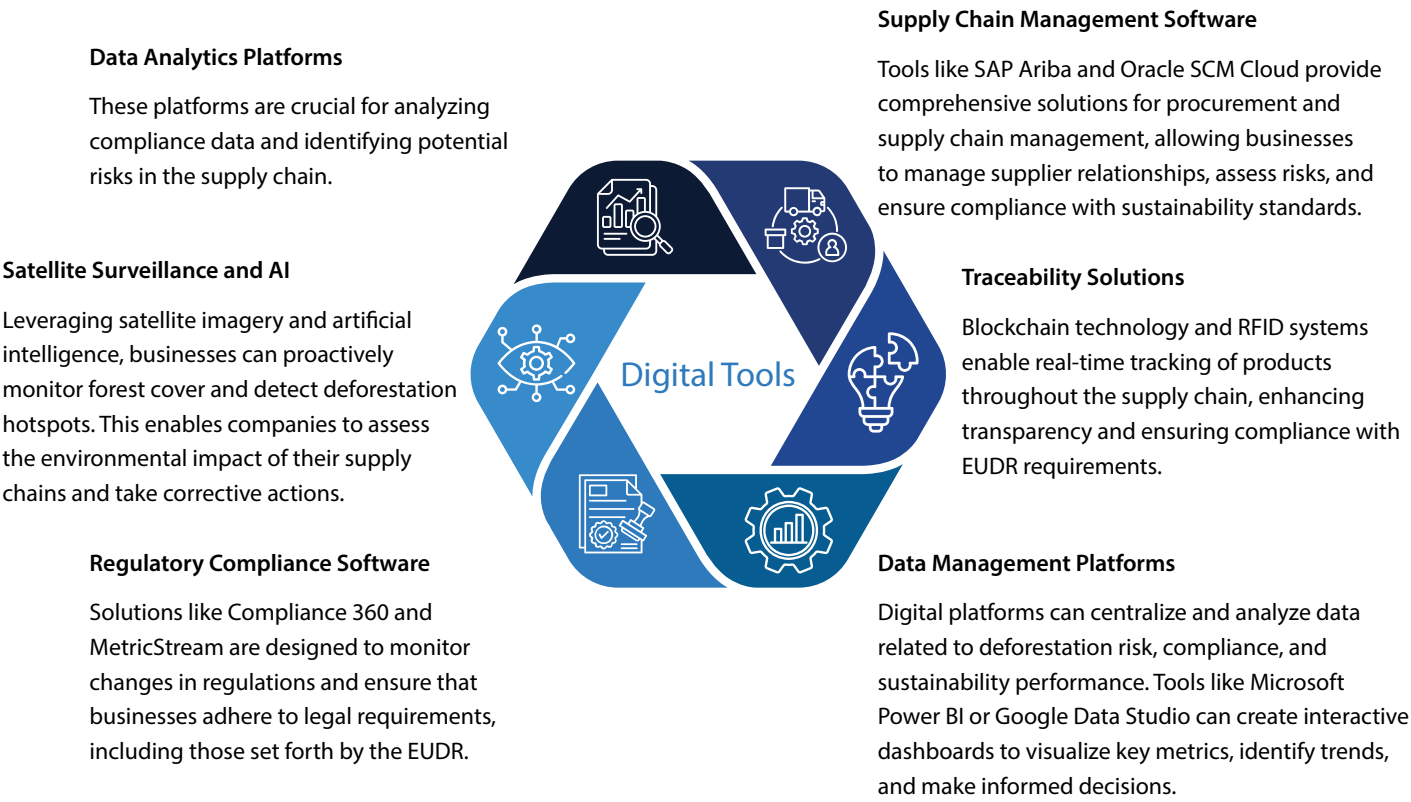
Challenges Associated with EUDR Compliance

Implementing EUDR presents several challenges for businesses and stakeholders. Understanding these challenges is crucial for developing effective strategies to ensure compliance.



Digital Interventions: Preparing For Tomorrow's Regulations

"To prepare for future regulatory challenges, businesses should adopt digital tools that enhance transparency, traceability, and risk management within their supply chains."

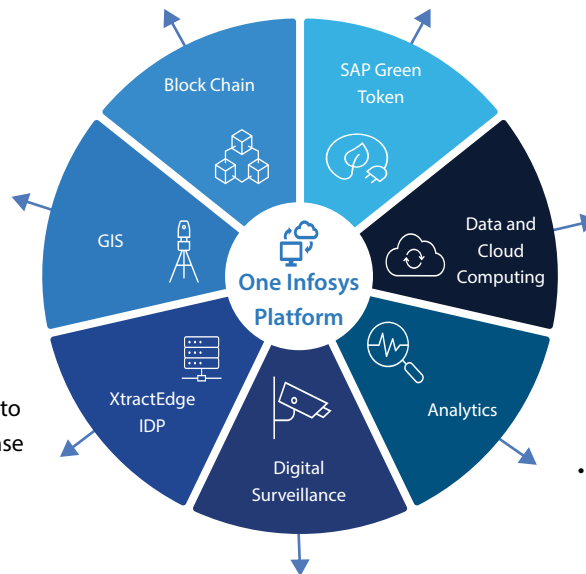


Empowering Businesses to Meet EUDR - One Infosys Tools

- Blockchain technology can enhance traceability by providing a secure and immutable record of product origins and movements throughout the supply chain, ensuring compliance with EUDR requirements

- SaaS cloud solution that traces raw material flows and provides traceability and transparency to Environmental, Social, and Governance (ESG) attributes across the supply chain
- Streamlines the management of sustainability certifications, including ISCC, facilitating adherence to EUDR requirements
- Organizations maintain control over their data while onboarding supply chain partners, ensuring all stakeholders have access to necessary sustainability information for EUDR compliance

- Enables accurate tracking of commodity sources by managing geolocation data, ensuring that products are sourced legally and meet EUDR requirements



- Support the integration and management of supply chain data, ensuring that businesses can effectively manage supplier relationships and assess risks

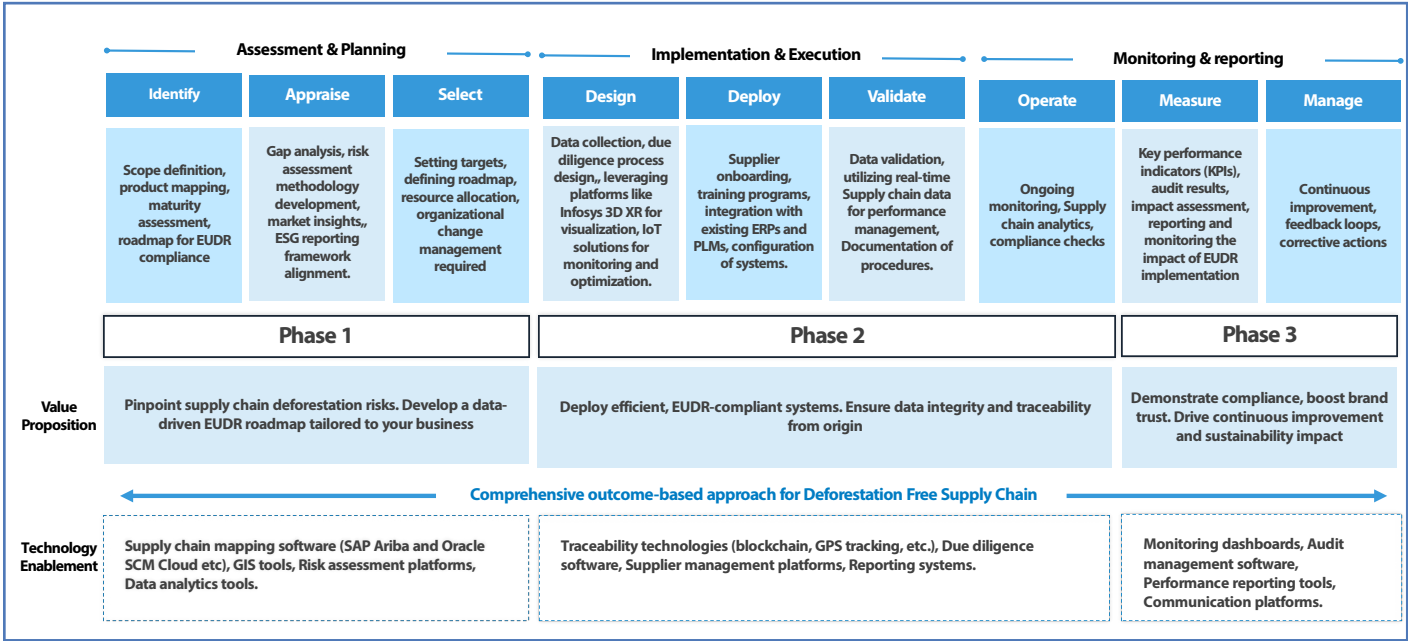
- Processes data closer to the source to reduce latency and improve response times in critical operations
- Supports real-time analytics for operational efficiency, enabling quick adjustments based on current conditions
- Enhances decision-making capabilities by providing immediate insights from localized data processing

- This capability can leverage satellite imagery and AI technologies to monitor forest cover, detect deforestation hotspots, and assess environmental impacts related to supply chains

- Centralize and analyze data related to deforestation risk and sustainability performance, enabling businesses to visualize key metrics and make informed decisions
- Help monitor regulatory changes and ensure adherence to legal requirements, including those set forth by the EUDR



We Understand EUDR and help in E2E implementation



Sources

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