

EUDR

Latest Developments UPDATE

Suzano Webinar
March 20th, 2024

Today's presenters



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Technical Assistance
Consultant | EMEA



Erica Fonseca

Forest Certification
Manager

Agenda

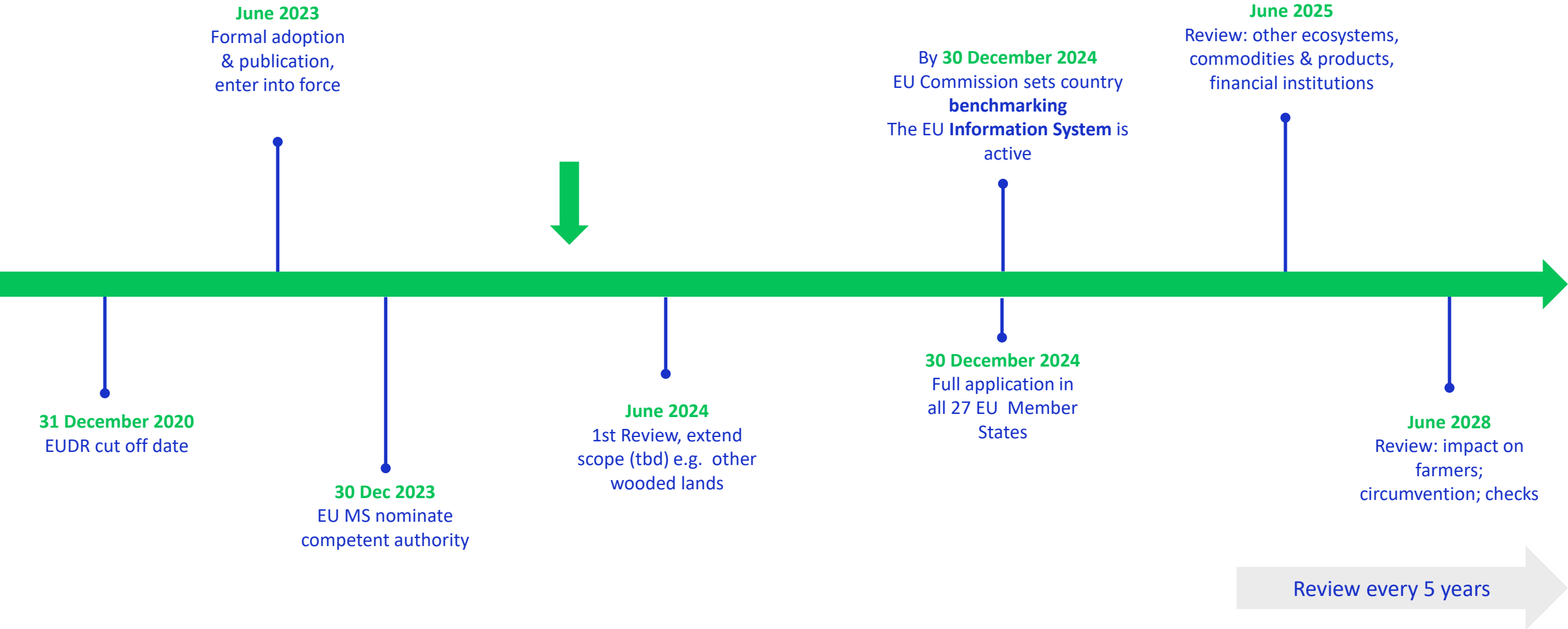
Welcome

- Overview of latest policy & regulatory developments
- Update on Suzano's readiness
- Overview implementation project & technical issues
- Sustainability issues related to new due diligence requirements
- Summary

Q & A Session



EUDR (EU Deforestation Free Regulation) – Timeline



Frequently asked questions (FAQ) document

- 2nd updated version published Dec 2023
- 3rd updated version published end of March



Guidance Document Due Diligence/agricultural use

- Further clarification on e.g., definitions, date of application, risk-assessment, DDS etc.
- Final version published in May 2024



INFORMATION SYSTEM AND CUSTOMS PROCEDURES



«REGISTER» INFORMATION SYSTEM



The EU Commission must establish and maintain an **information system («register»)** enabling operators to submit their due diligence statement and to verify the statement that have already been recorded.

This system will be **interconnected with customs authorities** and will be accessible to competent authorities so that they may conduct their checks

CUSTOMS PROCEDURES



An agreement between **competent authorities and customs authorities** will be established.
Customs authorities will have to verify the status of the Due Diligence statement prior to authorizing a «release for free circulation» or export.

June 2023
Entry into
force

Jan 2024
IS pilot test

May 2024
IS publishing of API
technical specifications

July 2024
IS Start test
of API

Nov / Dec 2024
IS opening of registration and
system go live

30 December 2024
Full application in all EU
Member States

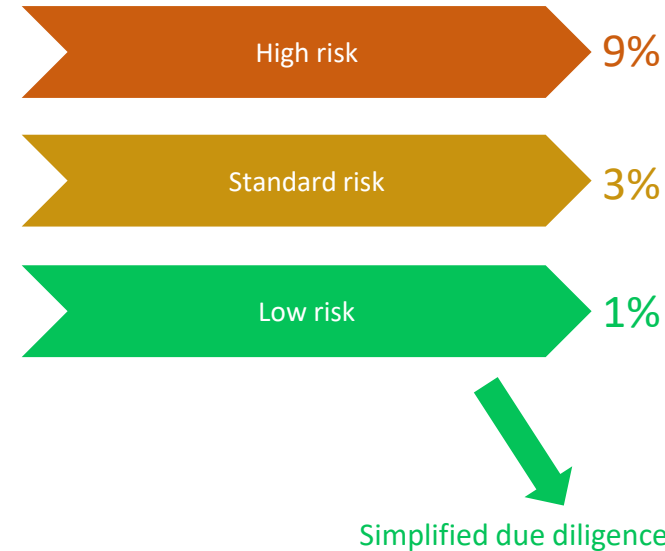


EUDR new main obligations – risk assessment



The EC will conduct risk assessments by country (EU and other countries):

- The **EC will publish** a list of low and high-risk countries,
- The results will be available via the EC's «Information System»
- The system has **3 country assessment levels**



Assessment criteria

- Rate of **deforestation** and forest degradation
- Rate of **expansion** of agriculture land
- Production **trends** of relevant commodities/products

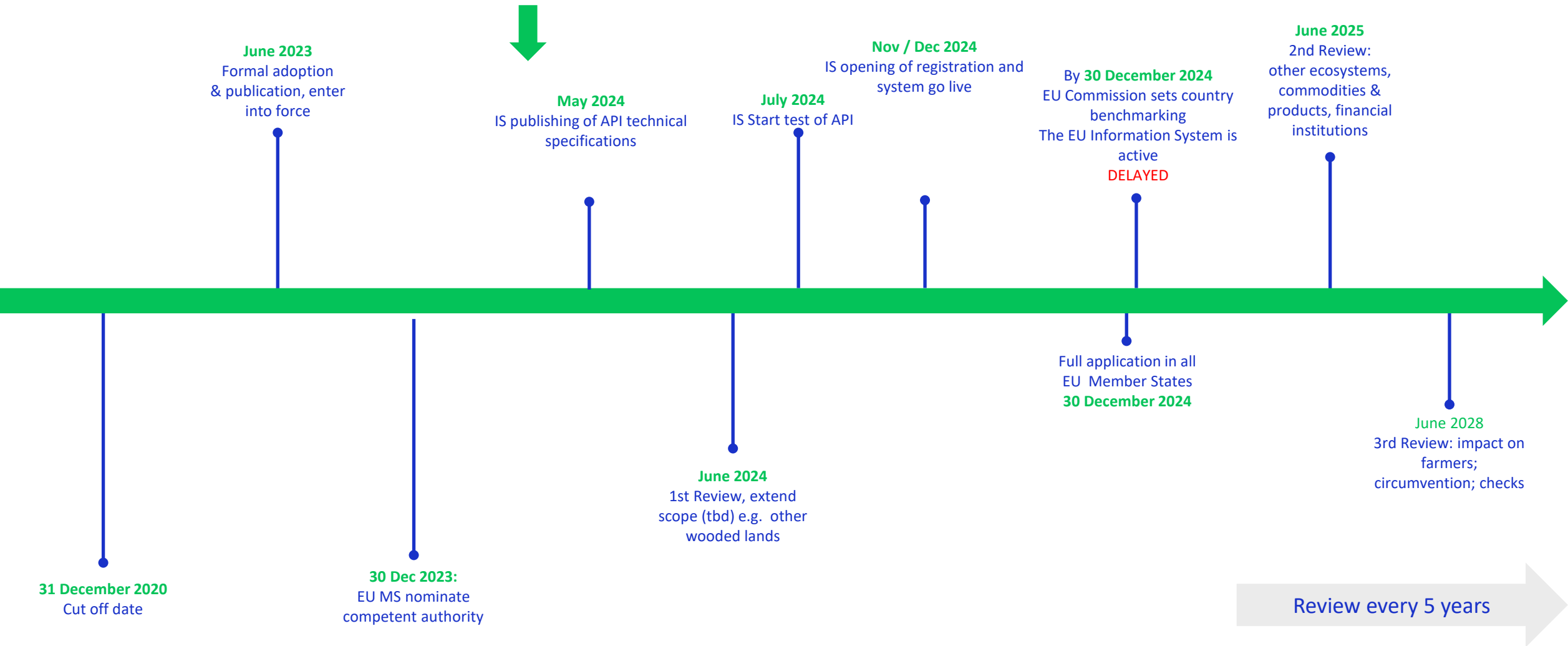
Other (international agreements; national laws; data transparency; etc)

Role of Certification (FSC, PEFC)

Art 6 (1b) Third party certification/verification **can be used** in the context of the risk assessment.

Art 10 (2n) For the risk assessment, operators consider information provided either by certification schemes or by other third-party verification systems (but this **does not replace** the operator's responsibility for Due Diligence).

EU Deforestation Regulation – timeline and next milestones





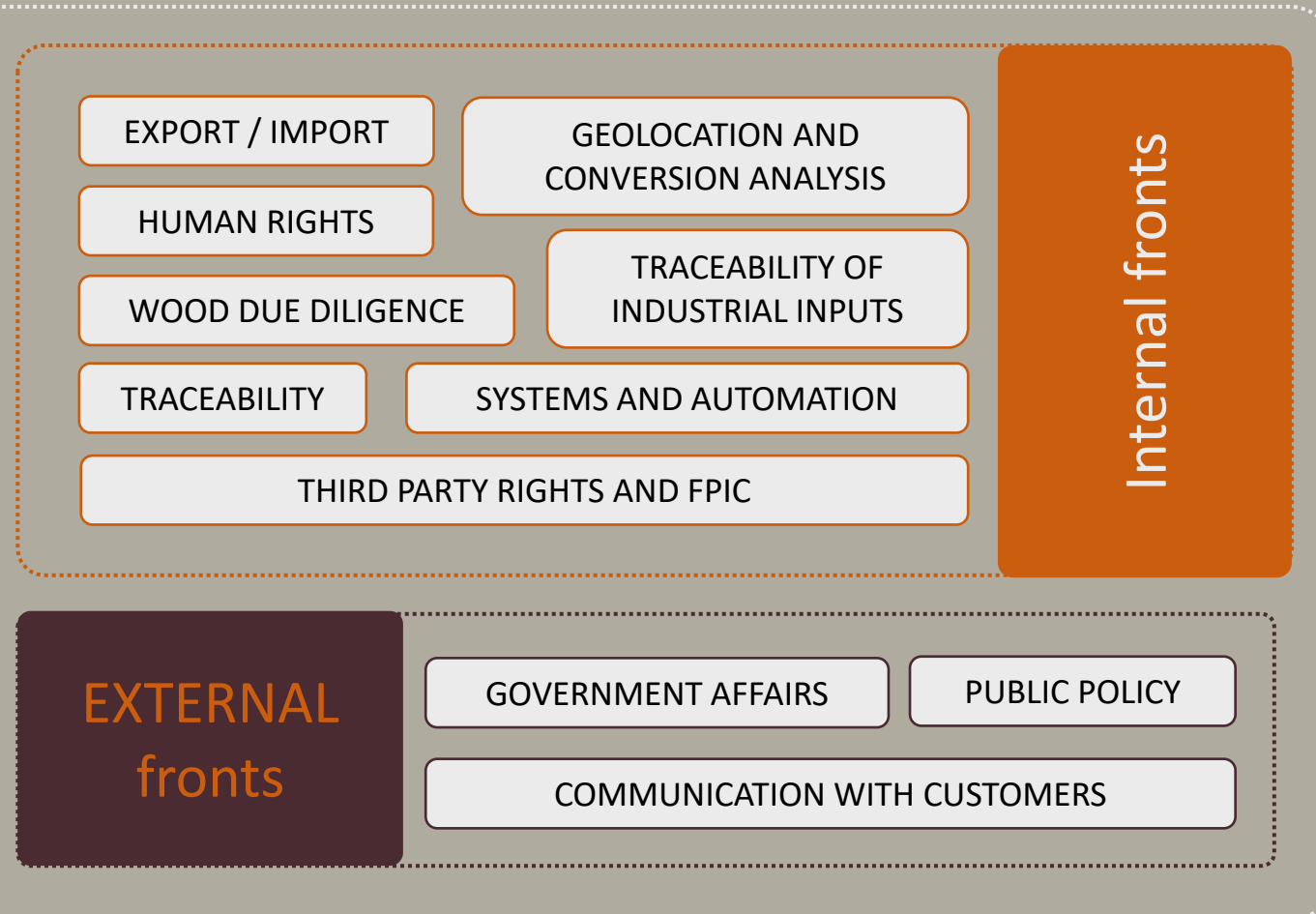
Valentin Guigon

Technical issues and overcoming them

Suzano organized the EUDR challenge around two axes: **external** and **internal** fronts

Suzano's answer to EUDR challenge

12 working groups, more than 70 collaborators involved



2023
Preliminary work

–
Jan 2024
Construction

–
April 2024
Plan of action

–
May-Oct 2024
Implementation

–
July-Oct 2024
Integration

Information to be in the Due Diligence Statement

Commercial name
Geolocation data
Species
Weight

EUDR Information System


Information to be provided on demand


Harvesting licenses
Wood invoices
Bill of lading
Packing list
DUE
Operating license
...


Suzano's own Information System


The EUDR IS is the platform on which DDS will have to be uploaded


- Information to be informed: species, weight, geo-locations of the farms used in the production process
- Suzano was selected to pilot test the platform from January 15th to 30th


 Home


 Documents

 Dashboard


 Actors

 Reference Data


 Publications

 Help

A...

 Notifications

0



Search - Due Diligence Statement

+ Create










Search:

Search by Reference Number and DDS Number

Q Search

Advanced Search ▶

Showing 8 / 8

Reference Number	Company Internal Ref	Activity	Commodity (ies) or Product(s)	Status	Submission Date
 24ATYO9ZJA8118	S3C369_TESTE_LOTEGEO 	Import	<div>4703</div> Chemical wood pulp, soda or sulphate, ot...	Available	25/01/2024 19:19 
 24ATVQJY6XM117	S6BL01_TESTE_LOTEGEO 	Import	<div>4703</div> Chemical wood pulp, soda or sulphate, ot...	Available	25/01/2024 19:12 
 24ATHCRS0JK116	S6BL01_TESTE_LOTEGEO 	Import	<div>4703</div> Chemical wood pulp, soda or sulphate,	Available	25/01/2024 13:45 

Technical issues and overcoming them



<

EUDR Statement - 24ATYO9ZJA8118 / S3C369_TESTE_LOTEGEO

AVAILABLE

Statement Details

Referenced Statements

1. Reference Number

24ATYO9ZJA8118

Verification Number

.....

2. Activity

☒ Import ☐ Domestic ☐ Export

3. Operator/Trader name and address

Name

Suzano International Trade GmbH

Valid

Country

Austria

ISO Code

AT

4. Place of Activity

Country of activity

Austria

ISO Code

AT

Country of entry

France

ISO Code

FR

5. Communication for Competent Authority

Close

Created by Suzano International Trade GmbH on Thu Jan 25 2024 19:19:46 GMT+0100

Withdraw

Amend

- An internal reference number (invoice, batch, vessel...) can be used to create the DDS
- The reference number and its token are used for reference statements
- Possibility to edit after emission

Mandatory fields: activity, place of activity, HSS code, description and weight

6. Commodity(ies) or Product(s)

1

47 PULP OF WOOD OR OF OTHER FIBROUS CELLULOSIC MATERIAL; RECOVERED (WASTE AND SCRAP) PAPER OR PAPERBOARD

4703 Chemical wood pulp, soda or sulphate, other than dissolving grades:

Commodity(ies) or Product(s) Description *

BEKP

Net Mass (Kg) *

10000

Volume (m3)

Supplementary Units

Scientific Name

Common Name

1

Scientific Name

Common Name


Technical issues and overcoming them

1


Producer Name

S3C369_TESTE_LOTEGEO

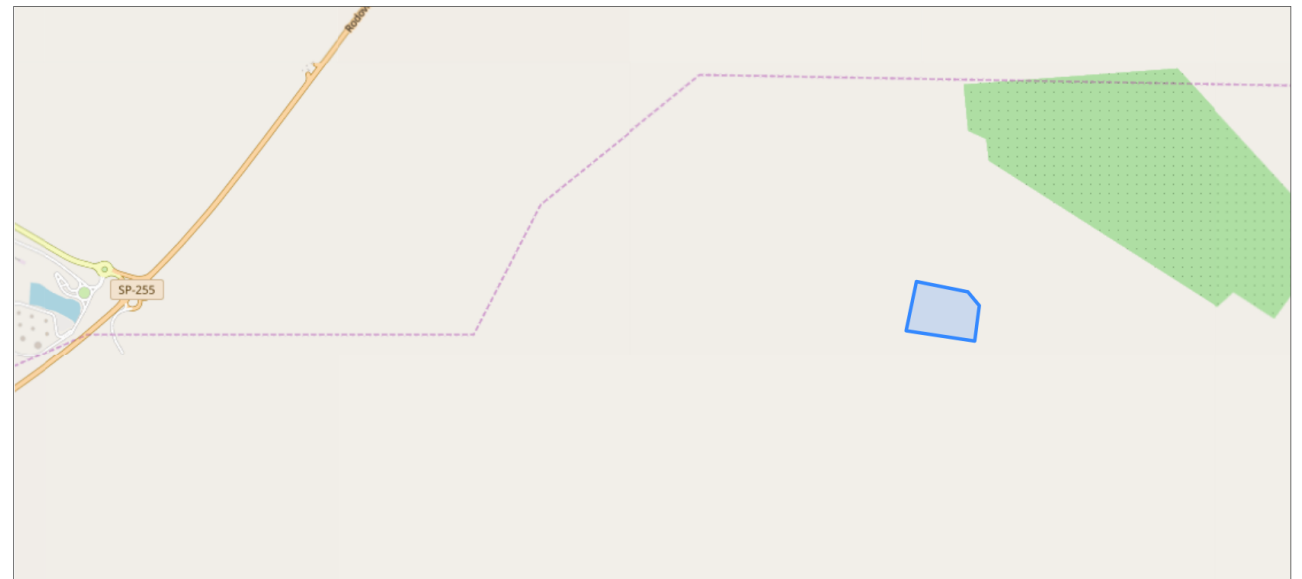
Producer Country : *

 **Brazil (BR)**

Export

#	Production Place Description	Area *	Type *	Actions
1	S3C369	194.78 ha	Polygon ▾	

- Possibility to either draw polygons or import/export the coordinates of all the points used to characterize polygons
- Critical limitations of the system



Suzano compiled the results of its pilot test in a report sent to the EUDR representatives

Main highlights:

- the system is completely reliant on manual input
- no support for operators in demonstrating compliance to EUDR
- the system is not designed to handle the submitted data

Based on our and other peers' feedbacks, the Commission will:

- add Application Programming Interface (APIs) to the system;
- add a functionality to add pure GeoJson files;
- add a functionality to upload CSV Files with reference numbers of DDS of suppliers;
- make sure that DDSs registered in the system stay in there for more than 6 months, indicatively 5 years.

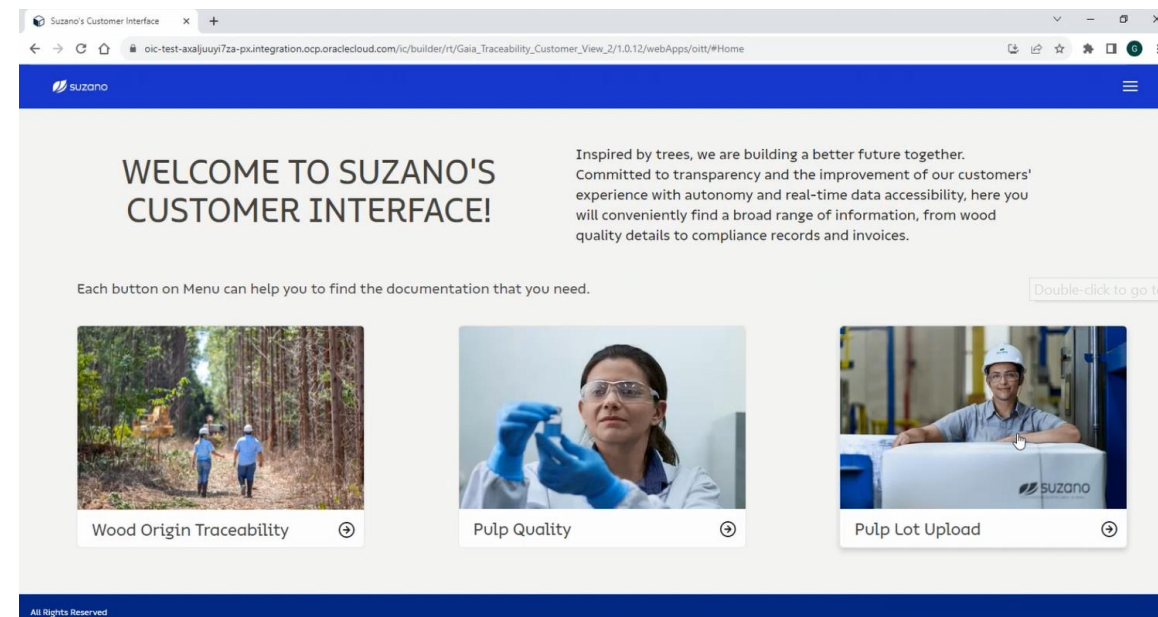
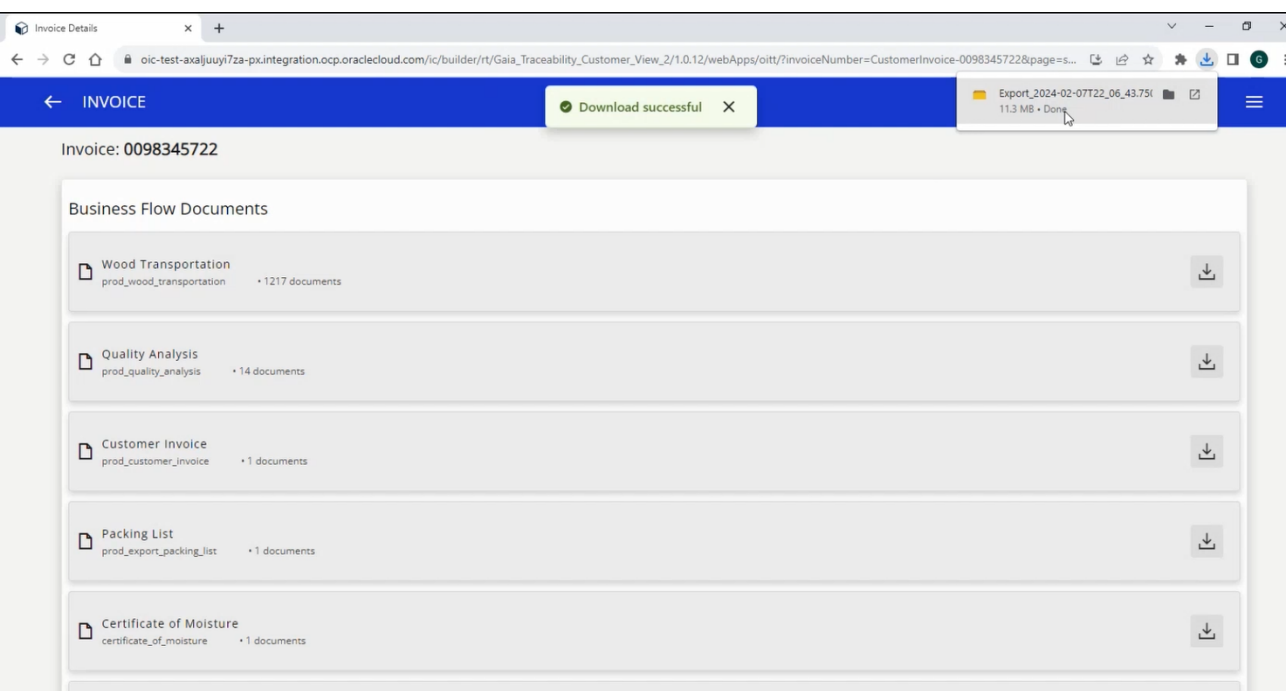
The commission also made clear that required information outside of the EUDR IS will have to be transfer by operators' own systems.



Technical issues and overcoming them



For this purpose, Suzano has developed a system based on block-chain technology: Gaia



Suzano's customers will be granted the access to the system, which will permit them to get all the required documentation in one click along with other features.



Erica Fonseca

Sustainability issues related to
new due diligence requirements

Our goal



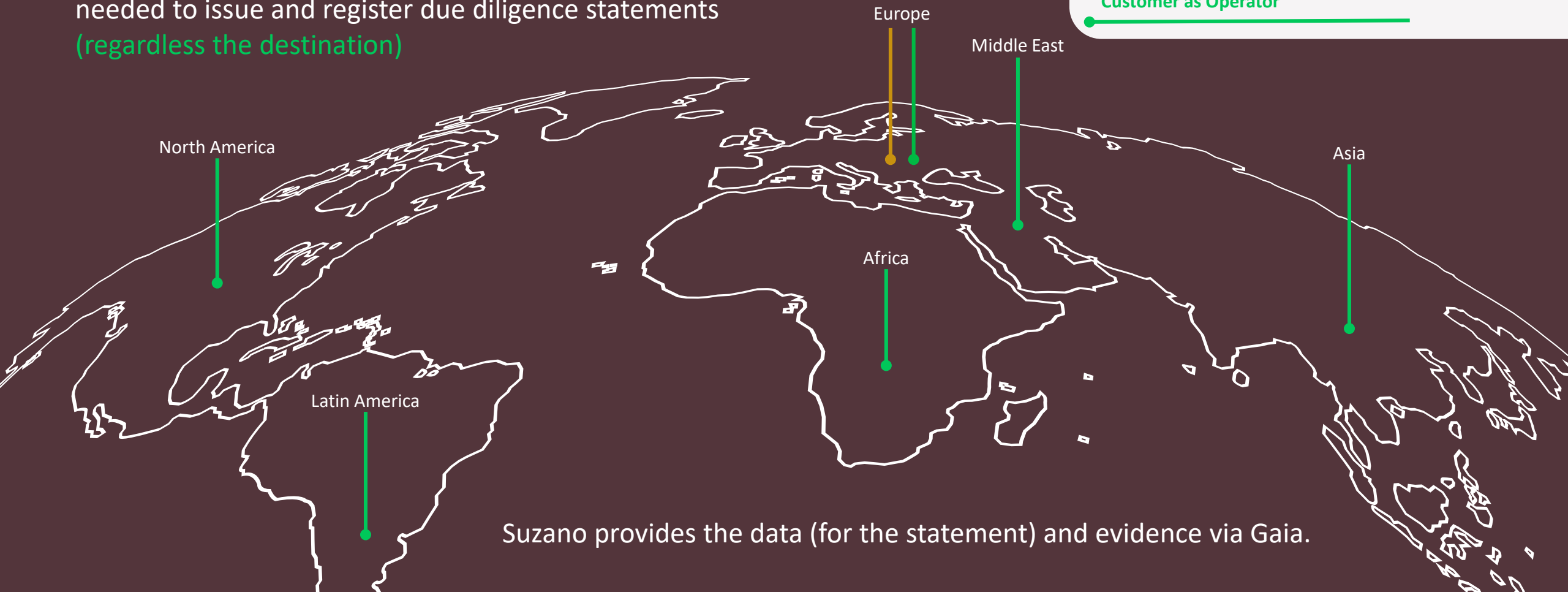
Ensure 100%

of exports are connected to the data and evidence needed to issue and register due diligence statements (regardless the destination)

Operator = importer/exporter (responsible for the customs procedure)

Suzano as Operator

Customer as Operator



Suzano provides the data (for the statement) and evidence via Gaia.

Timeline PoC EUDR project



2023

Step 1: Gap Analysis

The findings include the need for:

- fine-tuning of internal processes
- extension of traceability automation
- structuring a due diligence system along the lines of the EUDR

2024 (Mar-Oct)

Step 3: Adequacy

Execution of adaptation plans

2024 (Jan-May)

Step 2: Implementation Planning

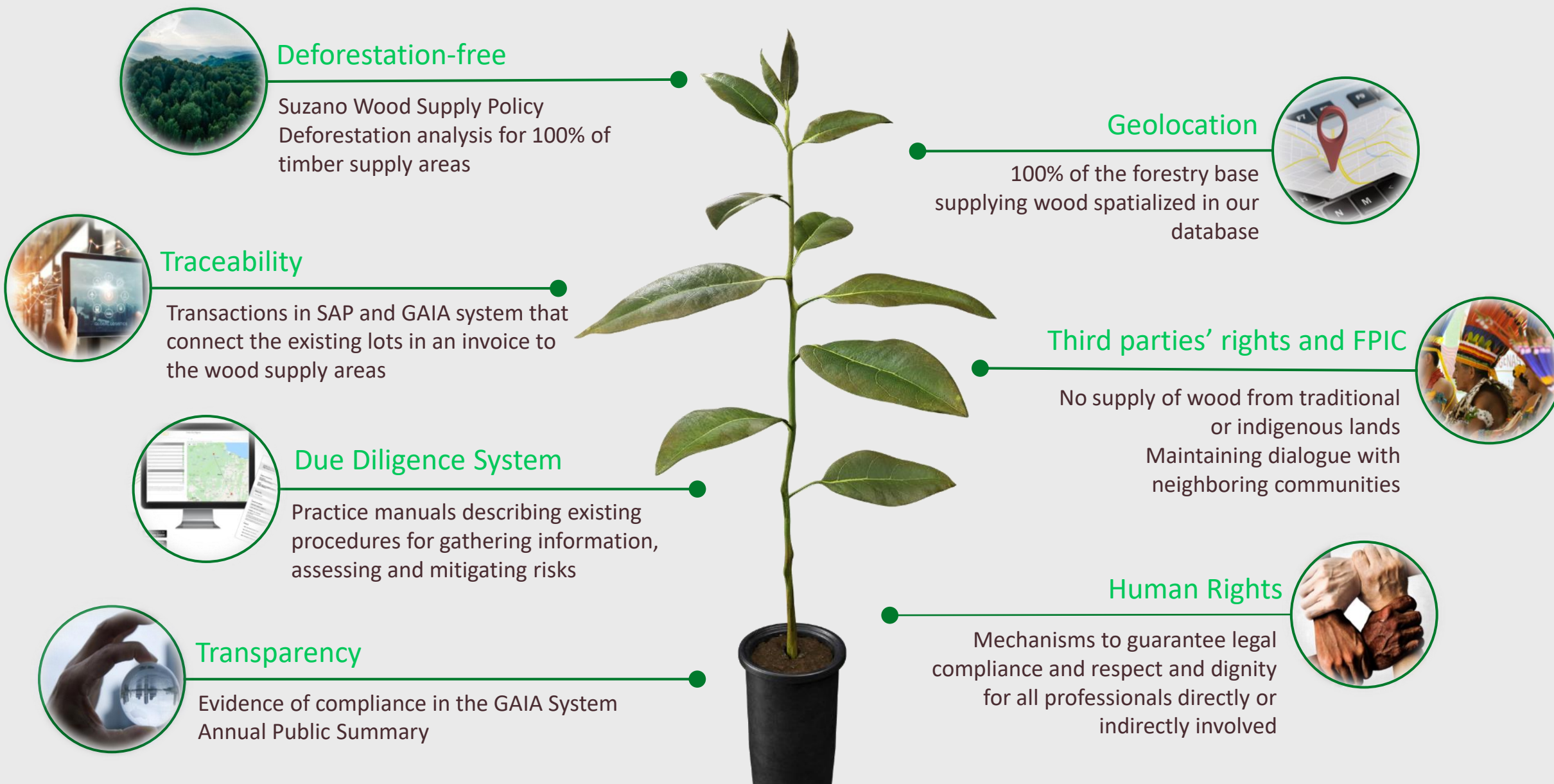
Execution of a Proof of Concept to define the adaptation plans.

Proof of Concept: Simulation of the full implementation of the Due Diligence System and an EUDR audit process.

Gap Analysis
quick wins



Suzano Due Diligence System



We are accompanying and participating in the adaptations of the certification systems

FSC® | Forest Stewardship Council

Adaptation of the Forest Management, Chain of Custody and Controlled Wood standards (advice notes)

Review of the Risk Management Framework

Creation of a Regulatory Module (optional)

Blockchain

PEFC™ | Programme for the Endorsement of Forest Certification

Aligning the Forest Management Standard with the EUDR

Additional Voluntary Module to the CoC certificate holders

Potential partners for optional IT and DDS creation solutions

TIMELINE

PoC EUDR PROJECT

Step 2: Implementation Planning (JAN-MAY)

Execution of a Proof of Concept to define the adaptation plans.
Proof of Concept: Simulation of the full implementation of the Due Diligence System and an EUDR audit process.

2023

Step 1: Gap Analysis

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2024

2024

Step 3: Adequacy (MAR-OCT)

Execution of adaptation plans

Gap Analysis quick wins

