EUDR & PEFC EUDR DDS Guideline Summary

CERTIFICATION

Introduction

What is EUDR?

- The European Union Deforestation Regulation is a policy focused on ensuring deforestation-free products.
- These regulations aim to reduce greenhouse gas emissions and biodiversity loss caused by EU consumption.
- EUDR addresses deforestation driven by agricultural expansion and forest degradation.

Why EUDR matters?

- The European Union is a key market for Malaysian Timber.
- Non-compliance will mean no access to yhe EU market.

Timeline

- 29 June 2023 – The EUDR enters into force.
- 31 December 2020 – Products must be proven deforestation-free beyond this cut-off date.
- 30 December – Compliance deadline for large and medium-sized companies.
- 30 June 2026 – Deadline for micro and small enterprises.
- By 2028 – The EU timber regulation (EUTR) will be fully repealed and replaced by the EUDR.

Who does EUDR affect?

- Operators – Companies that place products on the EU market (e.g., importers/exporters)
- Non-SME traders – Traders with net turnover of more than EUR 40,000,000
- Suppliers – Harvester, plantation, or mills providing raw material to be exported to the EU.

Core Compliance requirements

The requirements for EUDR are based on Regulation (EU) 2023/115 of the European Parliament and of the Council of 31 May 2023

Deforestation free

- Products must come from land that has not been subject to deforestation after 31 December 2020
- Harvesting must not cause forest degradation after 31 December 2020.
  - Forest degradation is defined as turning primary forests into a plantation forest, other wooded land, or planted forests.

Legality

- Products must be produced in accordance with the local legislation.
- This includes country-level and state or region-level legislation.
- In the context of the Malaysian timber industry, the National Forestry Act 1984 must be followed in Peninsular Malaysia, and the Forest Enactment 1968, and the Forest Ordinance 2015 must be followed in Sabah and Sarawak, respectively.

Due Diligence System

1. Information gathering
2. Risk Assessment
3. Risk mitigation

EUDR and PEFC EUDR DDS Summary

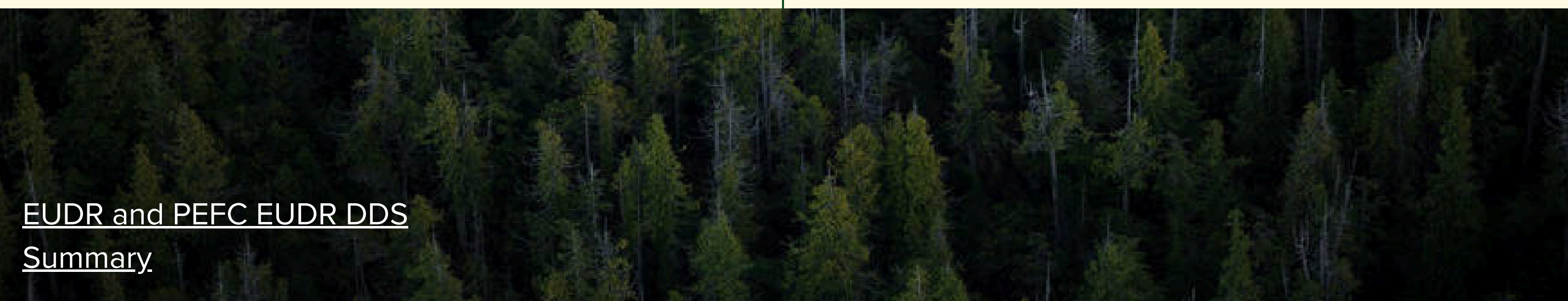
PEFC EUDR DDS in details

Information gathering

- Product details
  - Product description including trade name.
  - Common name and scientific name of the tree species.
  - Quantity of product
- Origin of material
  - Country of harvest, and where applicable, the region.
  - Geolocation of all harvest plots.
  - Harvesting period
- Supplier information
  - Name, postal address, and email of the supplier/operator/trader.
- Deforestation-free evidence
  - Relevant information showing the product is deforestation-free.
  - Relevant information showing the product has been harvested legally.

Risk Assessment

- The risk assessment is done based on Chapter 6 of PEFC ST 20002-1:2024
- The risk assessment evaluates and verifies these factors:
  - **Deforestation/degradation**: If products originate from land subject to deforestation or forest degradation
  - **Legal compliance**: If products are harvested in accordance with all applicable local legislation.
  - **Sustainability**: If products come from unsustainably managed forests, over-harvesting beyond regenerative capacity, or genetically modified trees.
  - **Mixing of products**: If products are mixed with controversial products at the supply chain level
- Only materials assessed as having no or negligible risk may be placed on the EU market.
- Any substantiated concerns must be fully addressed.
- Risk assessment must be reviewed annually.



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PEFC EUDR DDS in details

Risk Mitigation

- Risk mitigation is required only when the DDS identifies significant risks.
- Mitigation procedures may include:
  - Requesting additional information, documents, or evidence from suppliers.
  - Conducting independent surveys or audits.
  - Other measures to obtain assurance of compliance.
- To manage risk effectively, the operator/suppliers should establish:
  - Clear policies, internal controls, and compliance systems.
  - Independent audits to verify the adequacy of policies and mitigation measures
- Audits may be performed internally by the organisation or independently by a third party.

Due Diligence Statement

- Only operators and non-SME traders are required to submit a Due Diligence Statement. These actors retain full responsibility for compliance.
- DDS must include the following information:
  - A summary of the product quantity, PEFC-EUDR claim, and all the required documents for DDS.
  - The conclusion of the risk assessment confirms no or negligible risk.
  - Where relevant, a description of consultation with local communities.

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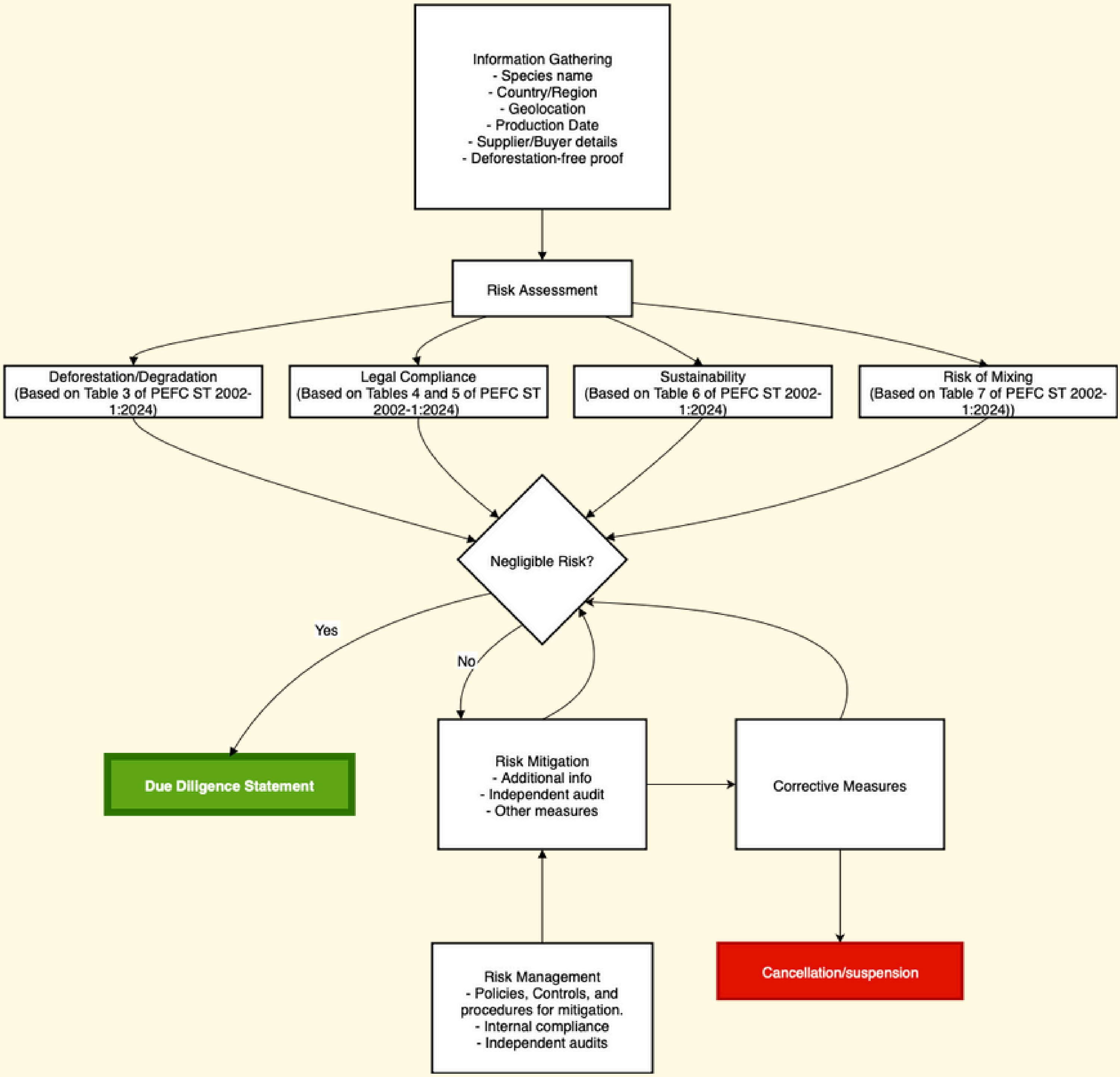
PEFC-EUDR DDS Step by step



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