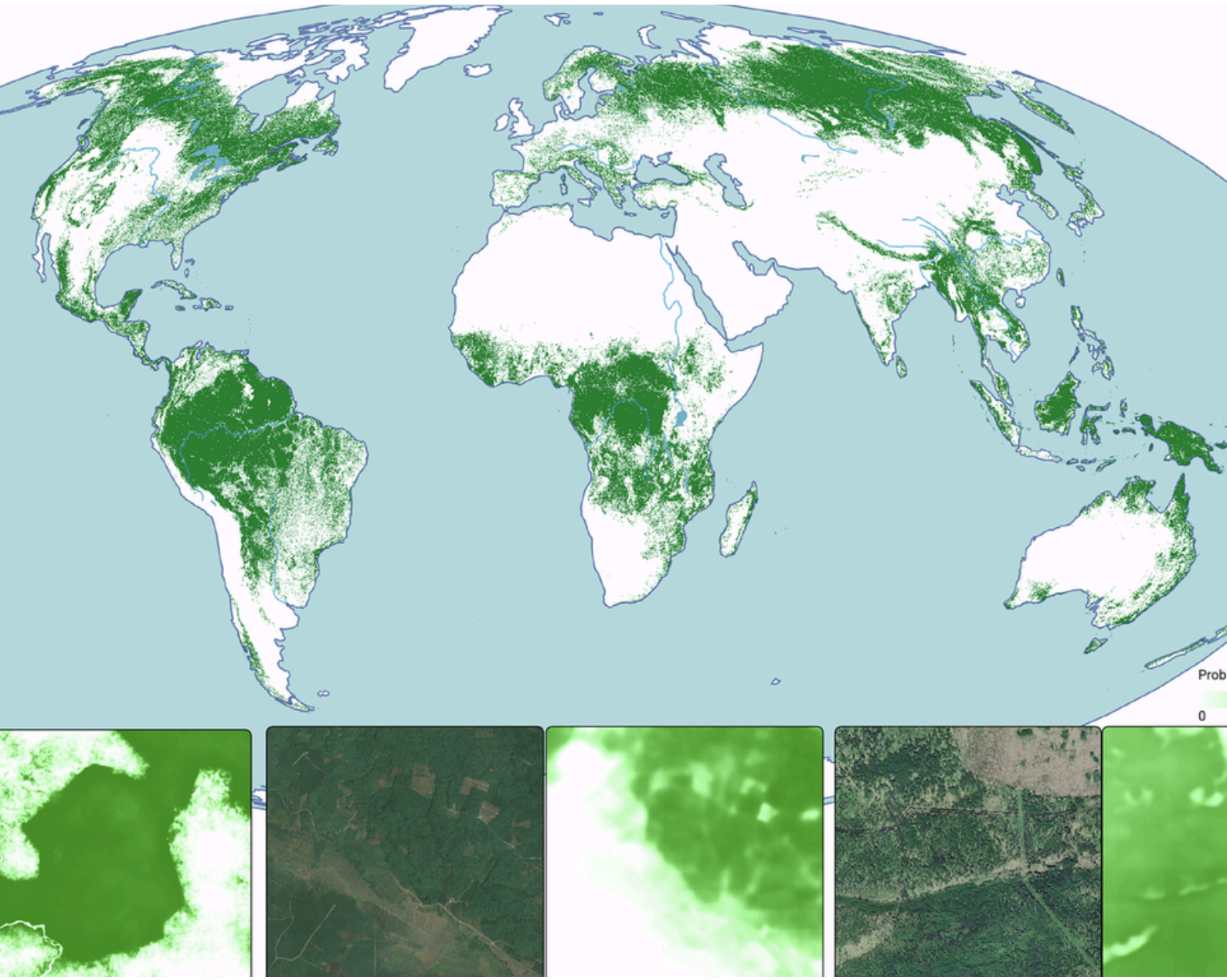

White Paper

EUDR TRACEABILITY IN PRACTICE

Making Forest-Free Supply Chains Real in an Imperfect World

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Executive Summary

The **EU Deforestation Regulation (EUDR)** — officially Regulation (EU) 2023/1115 on deforestation-free products — represents one of the most ambitious regulatory interventions in global agricultural and forest supply chains. Its aim is simple in principle: ensure that products sold or exported from the EU do not contribute to deforestation or forest degradation. Yet its implementation — especially the traceability and due diligence obligations at the centre of compliance — is one of the most complex regulatory challenges firms have faced in the last decade. **(EUR-Lex)**

At its core, EUDR asks companies to know **where every ton of high-risk commodity comes from, down to the farm plot**, and to prove it has not been linked to forest loss after **31 December 2020**. This means traceability to geographic coordinates, comprehensive risk assessments, verifiable evidence, and traceable documentation spanning **multi-tier supply chains** — including processing, transformation, and derived goods. **(Green Forum)**

This whitepaper answers a strategic question rarely addressed in mainstream compliance guides:

How do organisations practically achieve EUDR traceability — beyond checklists and templates — in ways that build resilient, transparent, and sustainable supply chains?

Drawing on policy analysis, global supply-chain patterns, real-world insight into data challenges, and the human elements of trust and inclusion in agrarian systems, we outline what effective traceability really involves, why many companies will struggle without new operating models, and how leaders can treat EUDR compliance as a strategic capability — not merely a regulatory burden.

1. The EUDR Imperative: Scope and Strategic Context

EUDR was adopted to ensure **that products consumed in the EU do not contribute to global deforestation or degradation** — a response to the reality that EU demand is linked to an estimated 10 % of global forest loss through imported commodities. (**Reuters**)

It replaces and significantly expands the scope of the previous EU Timber Regulation by bringing new commodities and derived products into due diligence obligation, including:

- **Soy and soy products**
- **Palm oil**
- **Beef and leather**
- **Coffee and cocoa**
- **Rubber and wood**

All of these must now be **deforestation-free, legally sourced, traceable, and supported by a valid Due Diligence Statement (DDS)** before they can be marketed, placed on the EU market, or exported. **(asd-int.com)**

EUDR's environmental ambition is significant. The EU estimates the regulation could **cut carbon emissions linked to EU supply chains by at least 32 million tonnes per year** — comparable to taking millions of cars off European roads each year. (**Environment**)

Yet its most transformational force lies not in its stated environmental goals, but in the way it embeds **operational traceability** into corporate and supplier systems like never before.

2. Traceability: The Heart of EUDR Compliance

At the centre of EUDR compliance is **traceability to the plot of land** — a requirement that moves far beyond traditional audit trails or batch codes.

Under Article 9 of the regulation and related guidance, companies must collect and submit:

- Geographic coordinates (latitude and longitude) for all production plots
- Evidence that no deforestation or degradation has occurred since the cut-off date
- Legal proof of compliance with the laws of the country of production
- Supply-chain maps showing the flow of goods from origin to EU market
- A valid Due Diligence Statement lodged in the EU Information System prior to placement on the market or export (**Green Forum**)

This is deliberately exacting: traceability is no longer about approximation or certification proxies — it demands **precise, geolocated supply-chain visibility**. **(forestpolicy.org)**

Why the emphasis on geolocation?

Because without a precise location, it is impossible to confirm whether land has been deforested or degraded after the critical cut-off date. And it is this environmental bar — not just paperwork — that EUDR is legally designed to enforce. (**Green Forum**)

3. From Fragmented Supply Chains to Digital Traceability Frameworks

For many companies this is a paradigm shift.

Historically, even advanced supply-chain systems have struggled to extend visibility beyond first-tier suppliers. But EUDR requires:

3.1 Carbon Data Governance as a Core Enterprise Capability

At its core, CBAM is a data problem.

Importers must report accurate, installation-level greenhouse gas emissions for covered goods. Where actual data is unavailable, default benchmark values (which are generally higher) apply, increasing financial exposure. **(CarbonChain)**

To manage this, organisations need:

a)	Multi-tier mapping	:	Tracking flow through processors, traders, logistics hubs and intermediaries
b)	Data integration	:	Combining farm-level data, processing logs, shipping manifests, certificates, and legal documents
c)	Standard formats and identifiers	:	For products, plots, suppliers, and transactions
d)	Digital linkages to the EU Information System	:	The secure online platform where Due Diligence Statements and traceability data must be submitted **(Supply Logica)**

This means companies must build **interoperable systems** that connect:

- Geospatial data from satellite or GIS sources
- Supplier self-reporting mechanisms
- Internal purchase orders and quality control systems
- Compliance verification and recordkeeping tools

Organisations that treat traceability as a one-off checklist will fail; this requires **supply-chain operating models with integrated data pipelines** that can feed DDS submissions year after year across thousands — or hundreds of thousands — of product flows. (**Supply Logica**)

4. Real-World Data Challenges and Cost Structures

Traceability is not merely a technical challenge — it often collides with social and economic realities.

Most high-risk commodity supply chains are characterised by:

- Large numbers of **smallholder farmers** with informal production practices
- Fragmented logistics and aggregation points with limited information systems
- Weak digital connectivity and recordkeeping among upstream producers
- Heterogeneous certification and audit data that may not satisfy EUDR's strict evidence requirements **(blog.sourceintelligence.com)**

Collecting precise geolocation data for all plots can be costly and disruptive — especially in contexts where farmers lack smartphones or digital tools, and where land titles or formal records are weak or contested. **(blog.sourceintelligence.com)**

Yet it is exactly these conditions that determine whether traceability data is verifiable — and therefore legally defensible.

Those exporters, traders, and operators who cannot produce precise plot coordinates and supporting legal evidence risk:

- High non-compliance penalties
- Blocked market access
- Brand damage
- Investor concern
- Litigation and supply-chain disruption **(Green Forum)**

Conversely, organisations that design systems to embed traceability as a long-term competence — not a temporary compliance exercise — position themselves as leaders in global value-chain transparency. **(EN Integrity Next)**

5. Regulatory Timing and Strategic Planning

EUDR's legal entry into force was on **29 June 2023**. **(EUR-Lex)**

Originally, compliance obligations were to apply from **end of 2024**. However, due to pressure from industry stakeholders and challenges with the digital infrastructure required to process data submissions, the EU approved a **year-long delay** — meaning large companies must now comply from **30 December 2026,** while micro and small firms have until **30 June 2027**. **(Reuters)**

This extension provides additional lead time for systems preparedness, but also introduces strategic uncertainty — especially as political debate continues around EUDR's scope, IT readiness, and enforcement mechanisms.
(**Financial Times**)

Importantly, these delays have been criticised by major corporations including Nestlé and Ferrero, who warn that postponement risks undermining forest conservation outcomes and penalising early adopters. **(Reuters)**

Whether or not further adjustments occur, forward-thinking leaders should treat these timelines as planning windows rather than compliance endpoints.

6. Building a Strategic Traceability Operating Model

Effective traceability for EUDR requires systems and behaviours that go beyond compliance documents. A strategic traceability operating model incorporates:

6.1. Integrated Data Architecture

Companies must connect production, procurement, logistics, and compliance systems into a unified data framework capable of supporting automated traceability, risk assessment, and DDS generation.

6.2. Supplier Inclusion and Capability Building

Many upstream producers — especially smallholders — lack digital systems. Collaborative programs to equip suppliers with tools, data templates, and training improve both traceability quality and the social sustainability of supply chains.

6.3. Risk-based Analytics

Companies should prioritise high-risk geographies and products using analytics that combine satellite deforestation alerts, historical compliance data, and legal context — helping focus resources where they matter most.

6.4. Assurance and Verification Layers

Traceability systems must embed assurance protocols similar to financial controls — not just data collection but verified data with clear audit trails.

6.5. Feedback and Continuous Improvement

Traceability systems should not be static; they must evolve with supplier changes, evolving regulatory guidance, and emerging risks.

Together, these capabilities make traceability a strategic infrastructure — not a temporary fix. **(EN Integrity Next)**

7. Cultural and Systemic Challenges

Technical systems alone will fail if organisational culture does not support:

- Early identification of data gaps
- Honest reporting over polished documentation
- Cross-functional collaboration between procurement, legal, compliance, and sustainability teams
- Continuous learning and adaptation

Moreover, suppliers often face power imbalances that discourage transparent disclosure — unless firms invest in **psychological safety, trust-building mechanisms, and equitable engagement practices** that align incentives across the value chain.

This reflects a deeper truth: sustainability traceability is as much a human systems challenge as a technical one.

8. Strategic Leadership Imperatives

Leaders who approach EUDR traceability as a capability investment — rather than a compliance deadline — will:

- Strengthen resilience against supply-chain shocks
- Improve sustainability data integrity and decision-making
- Enhance investor and customer trust
- Reduce litigation and reputational risk
- Drive operational efficiencies through better data integration

Traceability becomes an **enabler of competitive advantage**, not just a regulatory checkbox.

Conclusion: Beyond Compliance to Capability

The EUDR represents a landmark shift in sustainability regulation: mandatory, precise, and legally enforceable traceability at scale. It challenges organisations to rethink supply chain systems, build integrated data infrastructures, and cultivate cultures of transparency and shared accountability.

For companies prepared to engage deeply with traceability — investing in technology, supplier capability, cross-functional governance, and strategic analytics — EUDR offers a path to not just compliance but **leading practice in sustainable value chains.**

Sources and References

Regulatory Basis

- Regulation (EU) 2023/1115 on deforestation-free products establishes mandatory due diligence obligations. (**EUR-Lex**)
- Due diligence statements must include geographic coordinates and supporting evidence before placing products on the EU market. (**Green Forum**)

Due Diligence and Traceability Requirements

- Companies must prove products are deforestation-free, legally sourced, and backed by valid Due Diligence Statements. (**coolset.com**)
- Operators must ensure negligible risk and verifiable evidence before submitting DDS. (**trusty.id**)

Implementation Dates & Delays

- EUDR’s application deadlines for large companies is December 30, 2026, and for micro and small firms June 30, 2027. (**Reuters**)
- Industry leaders have publicly expressed concern about delay undermining forest protection efforts. (**Reuters**)

Traceability Challenges

- Traceability demands detailed supply-chain maps and geolocation precision, which many companies struggle to achieve. (**blog.sourceintelligence.com**)
- Digital systems like APIs to the TRACES platform help streamline submissions. (**Supply Logica**)

Context & Governance

The United Diplomatic Council (UDC) serves as the governing sponsor of this Think Tank because it brings together diplomats, policymakers, business leaders, and international institutions around a shared mission: advancing sustainable, inclusive global cooperation.

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The Think Tank's vision is to help the world gain insights through collaboration, open dialogue, and evidence-based thinking — bringing together leaders across sectors and regions to share perspectives, surface challenges, and capture key data that drives better decisions. Through research, convenings, and cross-border partnerships, Impact Think Tank translates complex global frameworks into practical strategies — ensuring that impact is not only discussed, but designed, measured, and acted upon.

About the Author

Kaveri Andersson

This white paper contains the views and analyses of **Kaveri Andersson** is a strategist and thought leader focused on sustainable transformation, organisational culture, and equitable operational systems. She leads research at Impact Think Tank, blending policy insight, systems design, and social sustainability frameworks to help organisations build resilient, inclusive, and future-ready enterprises. Kaveri has worked extensively on issues of organisational equality, social sustainability, and cross-sector transformation, bringing an integrative perspective that connects regulatory evolution with human systems and long-term performance.