



How will TimberID help you make the best use of introduced „simplification“ under EUDR?

The European Commission has completed the commitments and recently introduced several simplifications, especially for SMEs, as well as published risk level groupings of countries on a benchmarking list.

First, we shall focus on the **simplification highlights** and then present how **TimberID** provides an effective and seamless execution of EUDR requirements.

What is the understanding of **EUDR simplifications** under the new EU Commission guidelines?
An overview on how the „simplifications“ under EUDR impact the compliance processes.



DDS needed for each transaction - no change



Requirement of geolocation(s) of origin - no change
(as needed to prove that origin is low risk)

Due Diligence process - simplified

means that the process is still required but referencing the received DDS is an option for providing DDS.

In practice, the Operator uses the received DDS as a **reference DDS for his submission**. This is a great **simplification**, reducing the workload levels. However, even a **simplified due diligence risk assessment and risk mitigation** must confirm that our suppliers - across all tiers, up to the source- are following all EUDR requirements. Reliance on this simplified due diligence is only possible after the operator has assessed the complexity of the relevant supply chain and the risk of circumvention of the Regulation (e.g. legality risk) or the risk of mixing with products of unknown origin, or those originating from high-risk or standard-risk countries or parts thereof. They must also ascertain that all relevant commodities and relevant products have been produced in countries or regions classified as low risk.

In case an Operator is sourcing products, that have been produced in a low-risk country (on the benchmarking list), they are exempt from carrying out risk assessment and mitigation measures in line with Articles 10 and 11 of the regulation. Consequently, the reduction in obligations is referred to as simplified due diligence, the requirements of which are described in Article 13 of the Regulation.



Risk and liability - no change

Ultimately, **the Operator is always legally responsible for compliance with EUDR** and collecting some information despite the low-risk country classification may be a wise move, keeping the documentation for 5 years ensures it can be audited. This also means that even the simplified due diligence procedure does not except Operator obligations for Article 9, which requires the full collecting of geolocation data for the plots of land where the relevant commodities were produced, specifically for their first placement on the market.

Specifically, Operators must collect additional information, including the date or time range of production, a description of the products, such as timber species data, as well as the countries of production and supplier details.

Operators must also **collect “adequately conclusive and verifiable information”**, to confirm that the relevant products are deforestation free and that they have been produced in accordance with the legislation of the country of production, even for countries where no risk assessment or risk mitigation is required.

Operators should take a precautionary approach, collecting some data or information as warranted. The Operator will still require understanding of which relevant laws apply in the country, and perhaps, which officially issued documents pertain to demonstrating legal production.

The simplicity should be acknowledged in technology,
solving the process automation and significantly limiting the human workload.

At Deeplai we strongly recommend using selective transaction audits in both situations as evidence of **collecting “adequately conclusive and verifiable information”**!

Responsible Operator needs to provide their own audits, will be audited by a buyer, will be audited by a Competent Authority.



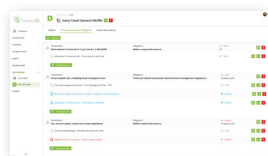
TimberID™ solves the execution of the EUDR requirements by:



TRACES

Integrations

Automated DDS submission, seamlessly utilizing the received DDS, for referencing and fully integrating with a client's ERP system via a robust API key connectivity.



Managing the information gathering through pre-defined, country-based specifics risk assessment and mitigation templates, using categorised and structured forms, allowing for a streamlined due diligence approach throughout a supply chain and further verifications and audits.



Securing evidence of the timber geolocation source by applying a Digital Delivery Note (DDN) closed-loop process to every transaction.



Providing tools for physical identification of individual timber logs, delivering authentication and provenance verification reports, along with verifiable photo documentation of the sourcing origin for each truck or container load.



Creating a forest plot satellite imagery deforestation report, with reference to 2020 and annual comparisons in order to address concrete deforestation risks.



Built-in audit process for information gathering at the transaction level, allowing to evaluate possible non-compliance issues and take corrective actions.

In summary, the introduced **simplifications decrease the workload** engagement. However, safe and accurate EUDR execution should be in the interest of every Operator.

TimberID is the only **decentralized EUDR IT solution** that not only simplifies workflows but also automates the due diligence process across your supply chain, making operations more efficient.