Due Diligence: Mastering EUDR Risk Assessment

finboot

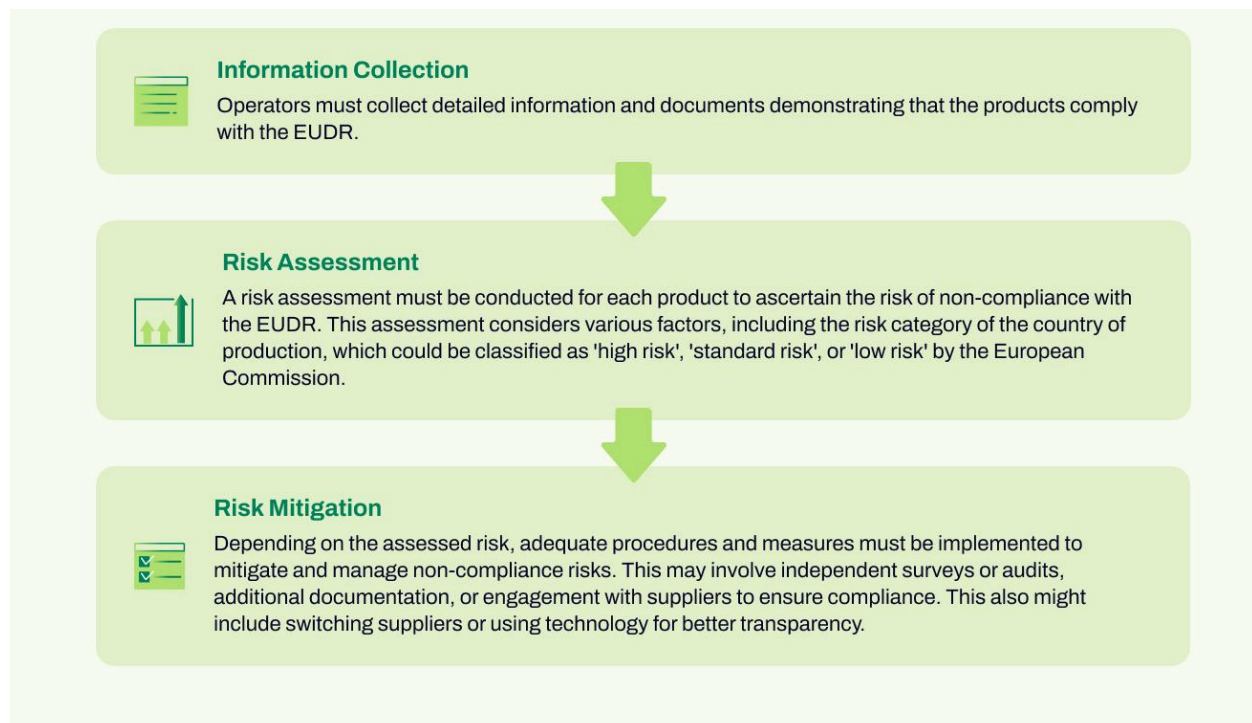# 1. Overview

One year has passed since the launch of our first European Union Deforestation Regulation [(EUDR) playbook](). With implementation now extended to December 30, 2025, companies have a critical window to turn compliance challenges into competitive advantages. At Finboot, we have seen firsthand how companies shift from one stage to another in their EUDR compliance journey. Through our work with organizations across various sectors, we've gained valuable insights into what makes for successful implementation and how digital solutions can streamline this complex process.

The path to EUDR compliance involves several key stages. Once relevant commodities and products have been identified, companies must gather necessary documentation to meet due diligence requirements. This process encompasses thorough information collection, detailed risk assessment, and effective risk mitigation strategies. But beyond mere compliance, we've discovered that organizations approaching EUDR strategically are uncovering significant business benefits—from improved supplier relationships to enhanced operational efficiency.

**At what point is your company currently?**

Once the relevant commodities and products have been identified, the next step involves gathering the necessary documentation to comply with the EUDR's **due diligence requirements**, involving several key actions:

Information Collection

Operators must collect detailed information and documents demonstrating that the products comply with the EUDR.

Risk Assessment

A risk assessment must be conducted for each product to ascertain the risk of non-compliance with the EUDR. This assessment considers various factors, including the risk category of the country of production, which could be classified as 'high risk', 'standard risk', or 'low risk' by the European Commission.

Risk Mitigation

Depending on the assessed risk, adequate procedures and measures must be implemented to mitigate and manage non-compliance risks. This may involve independent surveys or audits, additional documentation, or engagement with suppliers to ensure compliance. This also might include switching suppliers or using technology for better transparency.

By adhering to these steps and ensuring all required documentation is in place, businesses can effectively prepare their supply chains for the upcoming implementation of the EUDR, thereby minimizing risks and enhancing their sustainability practices.

This ebook provides a comprehensive framework for conducting effective EUDR risk assessments while revealing the hidden business opportunities that emerge when regulatory compliance is approached strategically. By leveraging digital traceability solutions like our MARCO Track & Trace platform and adopting a forward-thinking mindset, organizations can not only meet EUDR requirements but also enhance operational efficiency, strengthen supplier relationships, and build more resilient, transparent supply chains.

This approach creates value that extends far beyond regulatory compliance, positioning businesses for success in an increasingly sustainability-focused market.


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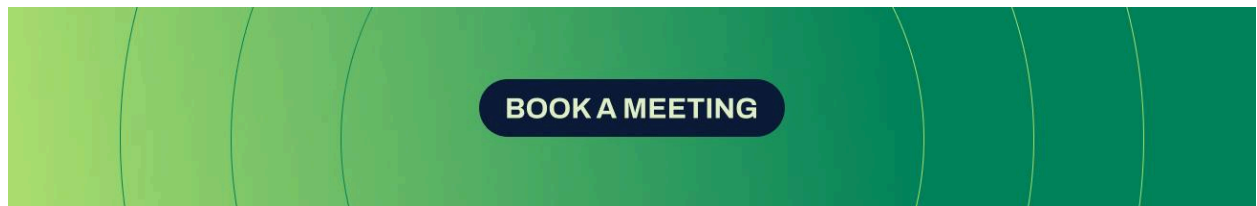
2. Understanding the EUDR Landscape

Key Requirements and Timelines

The European Union Deforestation Regulation (EUDR) establishes unprecedented requirements for companies importing or placing specific commodities and derived products on the EU market. These requirements focus on ensuring products are both deforestation-free and produced in accordance with relevant legislation in the country of origin.

The EUDR entered into force on June 29, 2023, with most obligations applying from December 30, 2025. For micro and small enterprises established by December 31, 2020, obligations apply from June 30, 2026 (except for products already covered under the EU Timber Regulation).

Key commodities affected include cattle, cocoa, coffee, oil palm, rubber, soya, and wood, along with their derived products as specified in Annex I of the regulation. For businesses handling these commodities, the EUDR introduces substantial due diligence obligations that require systematic risk assessment and mitigation.
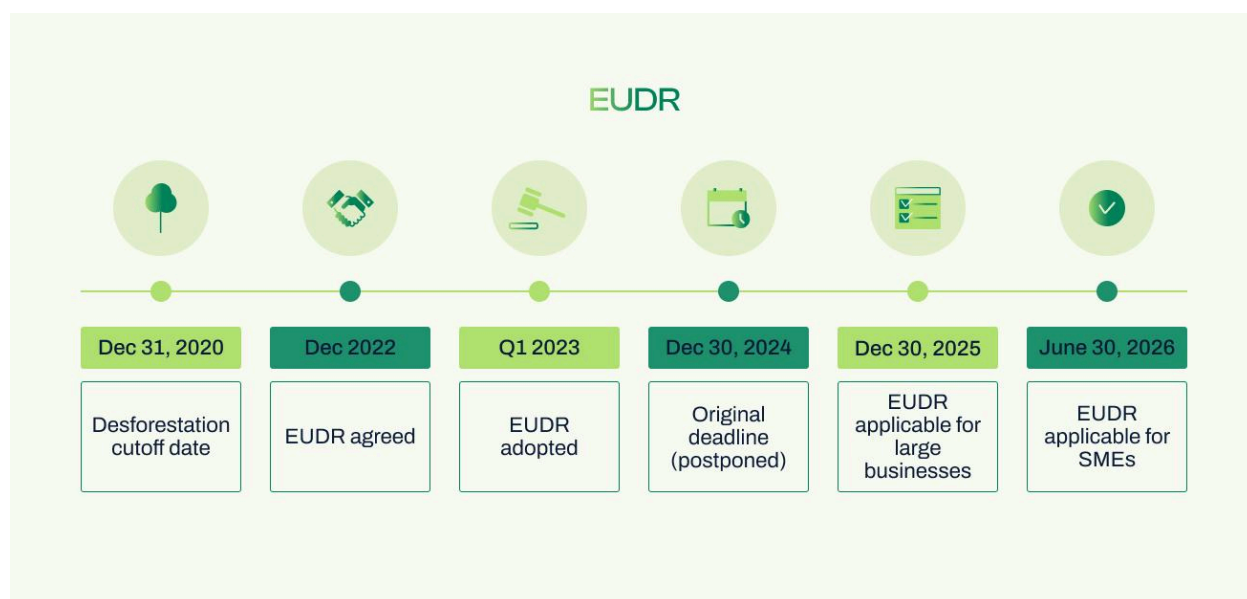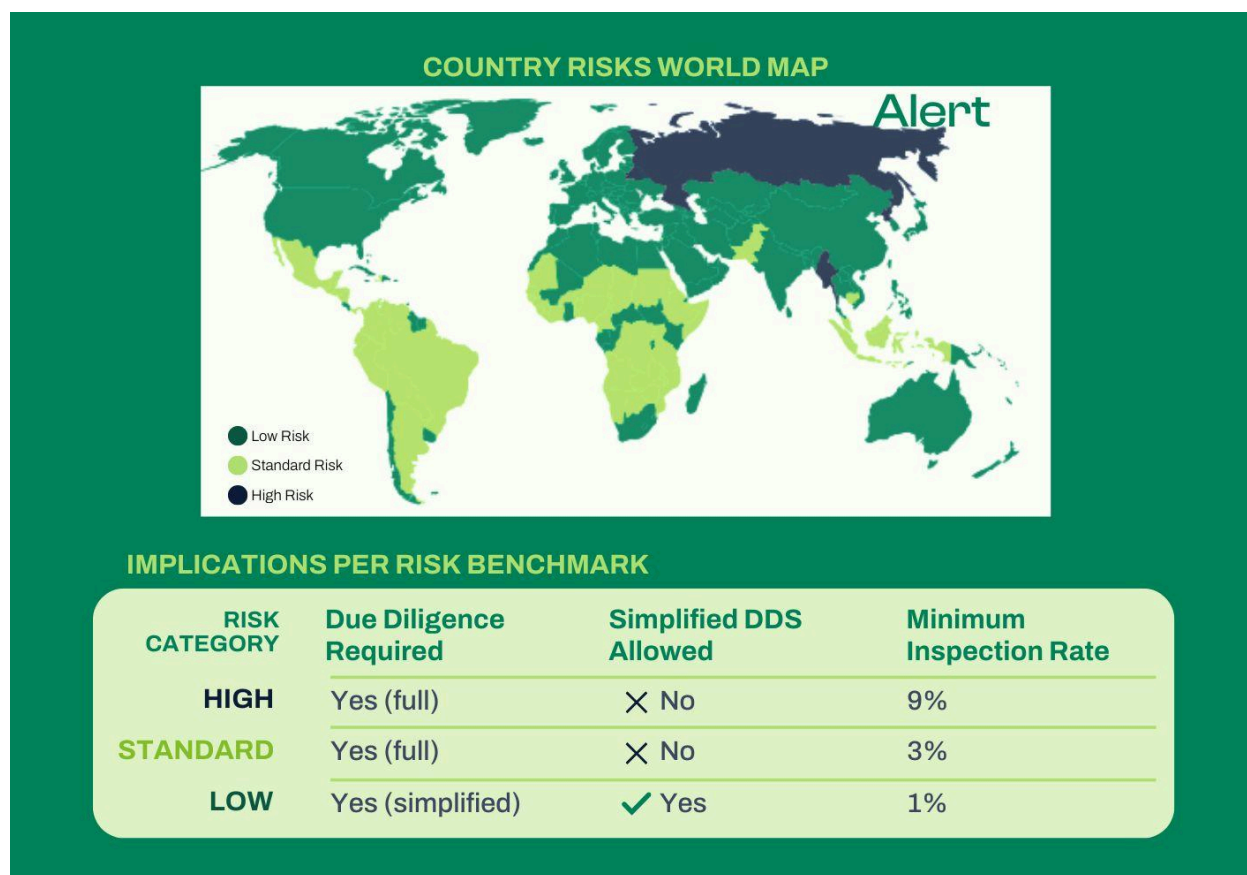
Updated EUDR Implementation Simplifications

The European Commission has recently introduced significant simplifications to ease the implementation burden of the EU Deforestation Regulation (EUDR), while preserving its environmental objectives.

- **Large companies can reuse existing due diligence statements** when goods, previously on the EU market, are reimported. This means that less information needs to be submitted in the IT system;
- An authorised representative can now submit a **due diligence statement on behalf of members of company groups**;
- Companies will be allowed to **submit due diligence statements annually** instead of for every shipment or batch placed on the EU market;
- **Clarification of 'ascertaining' that due diligence has been carried out, so that large companies downstream benefit from simplified obligations** (a minimal legal obligation of collecting reference numbers of Due Diligence Statement (DDS) from their suppliers and using those references for their own DDS submissions now applies).

All updated measures aim to significantly reduce the due diligence statements companies must file, addressing key industry demands. The goal is to ensure easy and efficient data entry for all users, allowing organizations to focus more on substantive compliance rather than administrative burdens.

On May 22 (2025), the European Commission adopted the EUDR's benchmarking system, which classifies countries based on deforestation risk for its seven key commodities. This classification helps operators with due diligence and authorities with enforcement, while also encouraging countries to improve their sustainable agriculture and reduce deforestation.

The 'high risk' category currently includes Belarus, Democratic People's Republic of Korea, Myanmar, and the Russian Federation. Major producers like Brazil and Indonesia have been classified as 'standard risk'.

COUNTRY RISKS WORLD MAP

Alert

- ● Low Risk
- ● Standard Risk
- ● High Risk

IMPLICATIONS PER RISK BENCHMARK

RISK CATEGORY	Due Diligence Required	Simplified DDS Allowed	Minimum Inspection Rate
HIGH	Yes (full)	✕ No	9%
STANDARD	Yes (full)	✕ No	3%
LOW	Yes (simplified)	✓ Yes	1%

Breaking down the updates

- **Due Diligence Required**: All operators must perform DD before placing products on the EU market. There's no difference between High and Standard risk countries when it comes to DD. They both require full due diligence (geolocation data, risk assessment, and mitigation plans. Low-risk countries only need geolocation data.
- **DDS Required**: A Due Diligence Statement must be submitted for all risk levels. Low-risk countries submit simplified DDS (as defined in the previous EUDR-FAQ).
- **Minimum Inspection Rate**: EU authorities must annually inspect at least 9% of operators and traders from High-risk, 3% from Standard-risk,   and 1% from Low-risk countries, with higher rates possible.

While these classifications simplify monitoring for regulators, they do not relieve operators from liability.

The Strategic Imperative

The EU Commission's recent EUDR simplification measures continue the pattern established in the Omnibus package, with both initiatives focused on easing regulatory burden and strengthening European competitive advantage. In our work with clients across sectors, we've observed that forward-thinking organizations are approaching EUDR not just as a compliance exercise but as a strategic opportunity.

By proactively addressing EUDR requirements with solutions like our MARCO Track & Trace platform, businesses can build more resilient supply chains with enhanced visibility, strengthen relationships with suppliers and customers, improve operational efficiency through better data management, respond to growing consumer demand for sustainable products, mitigate reputational risks associated with deforestation, and create competitive differentiation in sustainability performance.

The EUDR represents an opportunity to transform sustainability from a compliance function to a business driver. Organizations that approach the regulation with this mindset will not only achieve compliance but also create enduring business value—something we've witnessed firsthand through our work with industry leaders.

In our experience working with forward-thinking clients, we've observed the tangible benefits of adopting cutting-edge technologies to support sustainable practices, such as **circular economy** initiatives. Two key tools have emerged as game-changers in this space:

1. Digital Product Passports: These provide a comprehensive digital record of a product's journey, from raw materials to end-of-life, enhancing transparency and traceability.
2. Mass Balance Approaches: These enable companies to track and allocate recycled or bio-based content in complex production processes, supporting credible sustainability claims.

Our clients are already reaping the rewards of implementing these technologies. They're not only enhancing their sustainability practices but also gaining competitive advantages in terms of operational efficiency, regulatory compliance, and market differentiation.

Business Opportunities:

1. Recycled Products:
The Cepsa Case: Digital Product Passports for Homecare Products
Finboot's MARCO Track & Trace has allowed Cepsa to implement digital traceability systems for tracking each batch of vegetable oil from its origin to its use in biodegradable surfactant production, in addition to automating bookkeeping and determining what percentage of output is from renewable and circular inputs.
> LEARN MORE

2. Circular Products:
The SABIC Case: Blockchain to Deliver Sustainable Packaging

SABIC, the global leader in the chemicals industry, becomes the first in their industry to unlock batch-level traceability from waste to packaging for their TRUCIRCLE products through MARCO Track and Trace.

The project, with advanced recycling pioneer Plastic Energy and packaging specialist Intraplás, uses the Finboot application to support end-to-end digital traceability of circular feedstock in customer products.

> LEARN MORE

Low-Carbon Products:

The Repsol Case: Full Traceability of net-zero emissions fuels (HVO)

Repsol has been a client since 2018 and uses our digital traceability solutions extensively across several business areas. They use our digital ecosystems for the traceability of low-carbon fuels like HVO (Hydrotreated Vegetable Oil), and circular chemical products like packaging.

> LEARN MORE

The transition to a circular economy is not just an environmental imperative; it's becoming a business necessity. As we move forward, the companies that will thrive are those that embrace these principles and leverage innovative technologies to create value while contributing to a more sustainable future.

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PRO TIP

The transition to a sustainable world is not just an environmental imperative; it's becoming a business necessity.

As we move forward, the companies that will thrive are those that embrace circular economy principles and leverage innovative technologies to create value while contributing to a more sustainable future.

DOWNLOAD THE EBOOK TO READ MORE

Monetizing the Digital Product Passports: Unlocking Revenue Streams

MADE BY 100% RECYCLING MATERIALS

finboot

3. EUDR Risk Assessment Framework

Due diligence is essential for managing supply chain risks under the EUDR. Drawing from our experience implementing MARCO Track & Trace across diverse supply chains, we've developed comprehensive understanding of effective risk assessment processes. The core components include conducting thorough assessments to identify deforestation-related risks, developing strategies to mitigate these risks (such as sourcing from certified suppliers and enhancing traceability), and regularly monitoring and verifying supply chain practices for EUDR compliance.
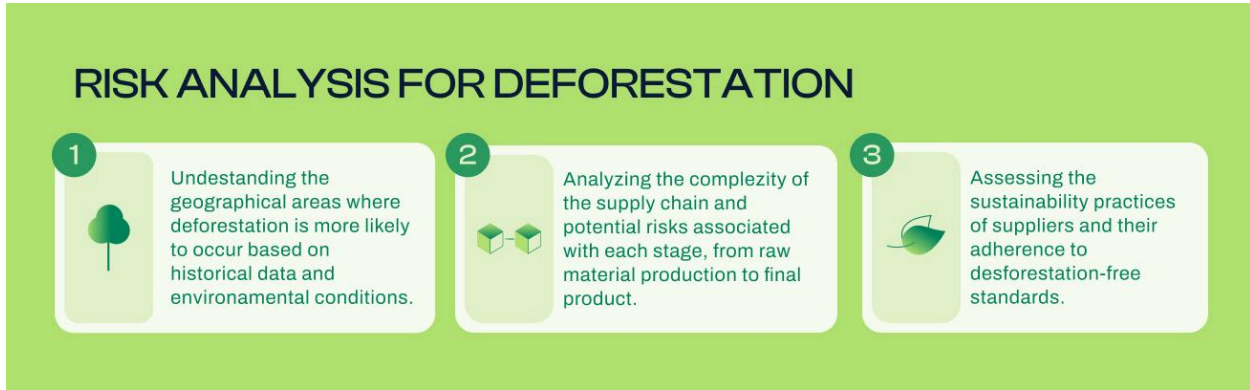

According to the European Commission, operators are responsible for reviewing their activities, collecting relevant data, analyzing it, and taking steps to mitigate risks unless they deem compliance risk very low. They also shall review the due diligence system at least once a year. This cyclical approach ensures that risk assessment remains current and responsive to changing conditions.

It's important to understand that risk assessment must address multiple criteria to determine the likelihood of non-compliance. These include country-level risk factors (such as country risk classification, prevalence of deforestation or forest degradation, and rate of illegal production), product-specific factors (including supply chain complexity, number of production locations, and manufacturing complexity), and supplier-related considerations (such as history of compliance issues and evidence of illegal practices).

Within the framework of the European Union Deforestation Regulation (EUDR), a fundamental technical element for demonstrating compliance is the GEOJSON file. This file is indispensable as it contains accurate geospatial information detailing the exact location where the commodities being placed on the EU market were produced. Essentially, the GEOJSON file serves as a digital map, meticulously outlining the boundaries of all the distinct land parcels where the relevant crops were grown or the materials were sourced prior to their importation into the European Union. This granular level of geographical precision is crucial for ensuring the traceability and legality of supply chains, a core objective of the EUDR.

Finboot's integrated solution for EUDR compliance, MARCO Track & Trace, is specifically designed to streamline the handling of these intricate GEOJSON data files. Recognizing the potential complexities involved in managing and submitting such geographical information, MARCO Track & Trace offers flexible options for suppliers. They can conveniently upload their GEOJSON files through our user-friendly Supplier Portal, which provides an intuitive interface guiding them through the submission process. Alternatively, for suppliers with more integrated digital infrastructure, MARCO Track & Trace supports direct system integration, enabling a seamless and automated transfer of GEOJSON data. This dual approach ensures that suppliers of varying technical capabilities can efficiently fulfill the EUDR requirements regarding the provision of precise geographical data, thereby simplifying the overall compliance process and fostering transparency within sustainable supply chains.

RISK ANALYSIS FOR DEFORESTATION

1 Undestanding the geographical areas where deforestation is more likely to occur based on historical data and environamental conditions.

2 Analyzing the complezity of the supply chain and potential risks associated with each stage, from raw material production to final product.

3 Assessing the sustainability practices of suppliers and their adherence to desforestation-free standards.

Risk assessment Criterias Checklist
Country-level risk factors

Country risk classification (low, standard, high)	Prevalence of deforestation or forest degradation (GEOJSON and Risk status analysis)	Rate of illegal production of relevant commodities

1 Product-specific factors

- ✓ Complexity of supply chain structure
- ✓ Number of production locations
- ✓ Manufacturing complexity

2 Supplier-related considerations

- ✓ History of compliance issues
- ✓ Evidence of illegal practices
- ✓ Substantiated concerns submitted to authorities

3 Supporting information

- ✓ Third-party verification schemes
- ✓ Certifications and their alignment with EUDR requirements

4 Legal compliance evidence

- ✓ Documentation of compliance with country-of-production legislation
- ✓ Land tenure rights and use permissions

Supporting information like third-party verification schemes and certifications aligned with EUDR requirements, along with legal compliance evidence documenting compliance with country-of-production legislation and land tenure rights, are also essential components of a comprehensive risk assessment.

Through our work with clients, we've identified that the challenge of collecting and verifying data from suppliers is a major barrier for businesses. Information must be gathered from numerous sources, standardized for regulatory compliance, and updated to reflect supply chain changes. This process is resource-intensive and error-prone, particularly with manual inputs. Additionally, the lack of standardized data formats among suppliers complicates efficient information consolidation.

Our MARCO Track & Trace platform addresses this challenge through its Supplier Portal, allowing seamless communication and data sharing. Our system can integrate directly with ERP systems, automating data collection and verification processes.

MARCO Track & Trace interfaces with the TRACES System, the European Commission's online platform for EUDR, and submits data directly on behalf of your company, utilizing all information collected from your suppliers and internal systems.
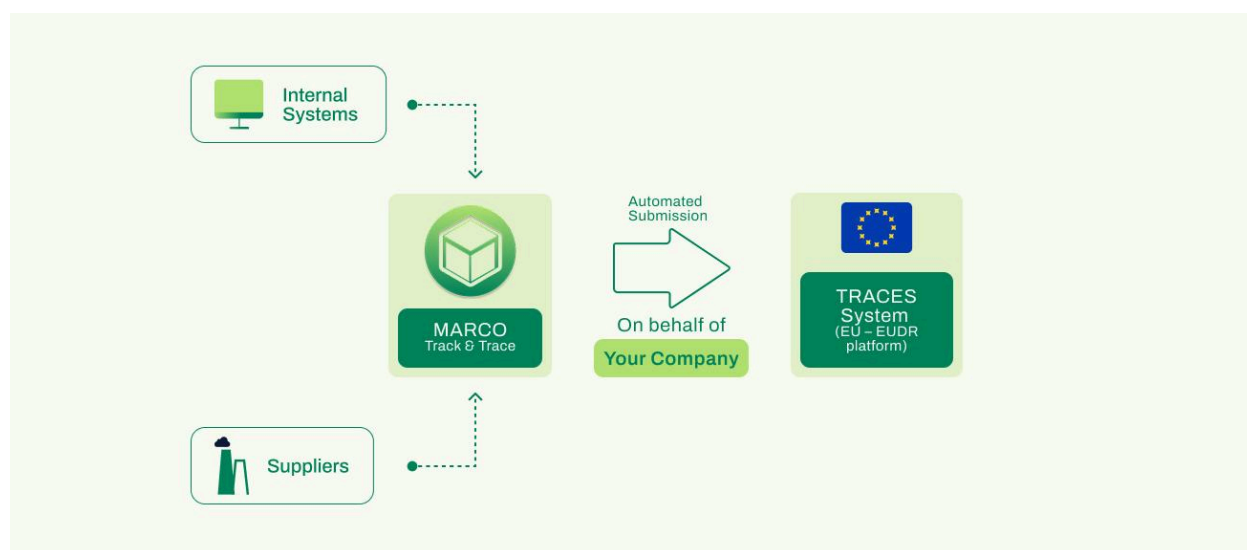
When conducting risk assessment, operators must analyze these criteria holistically rather than in isolation. **This comprehensive approach ensures all potential risk factors are identified and addressed appropriately.**

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Defining Negligible Risk

The EUDR defines "negligible risk" as a situation where, after full assessment and application of appropriate mitigation measures, the commodities or products show no cause for concern regarding compliance with deforestation-free and legality requirements. Our experience implementing deforestation risk assessment tools has shown that achieving negligible risk status requires comprehensive collection of all required information and documentation, thorough assessment against all risk criteria, implementation of mitigation measures where needed, and verification that remaining risk is indeed negligible.

Achieving negligible risk status requires:

1. Collection of all required information and documentation
2. Thorough assessment against all risk criteria
3. Implementation of mitigation measures where needed
4. Verification that remaining risk is indeed negligible

One of the key features of our MARCO Track & Trace solution is its integration with specialized partners for deforestation risk analysis. We are sending this information to our partner called OpenAtlas). We can also use other different deforestation suppliers (who will provide the GEOJSON file), and what they're going to do is check through the cut date and harvest date if that product has or has not been deforested. This automated risk status analysis provides clear indicators, including deforestation percentage and risk status, enabling companies to make informed decisions.
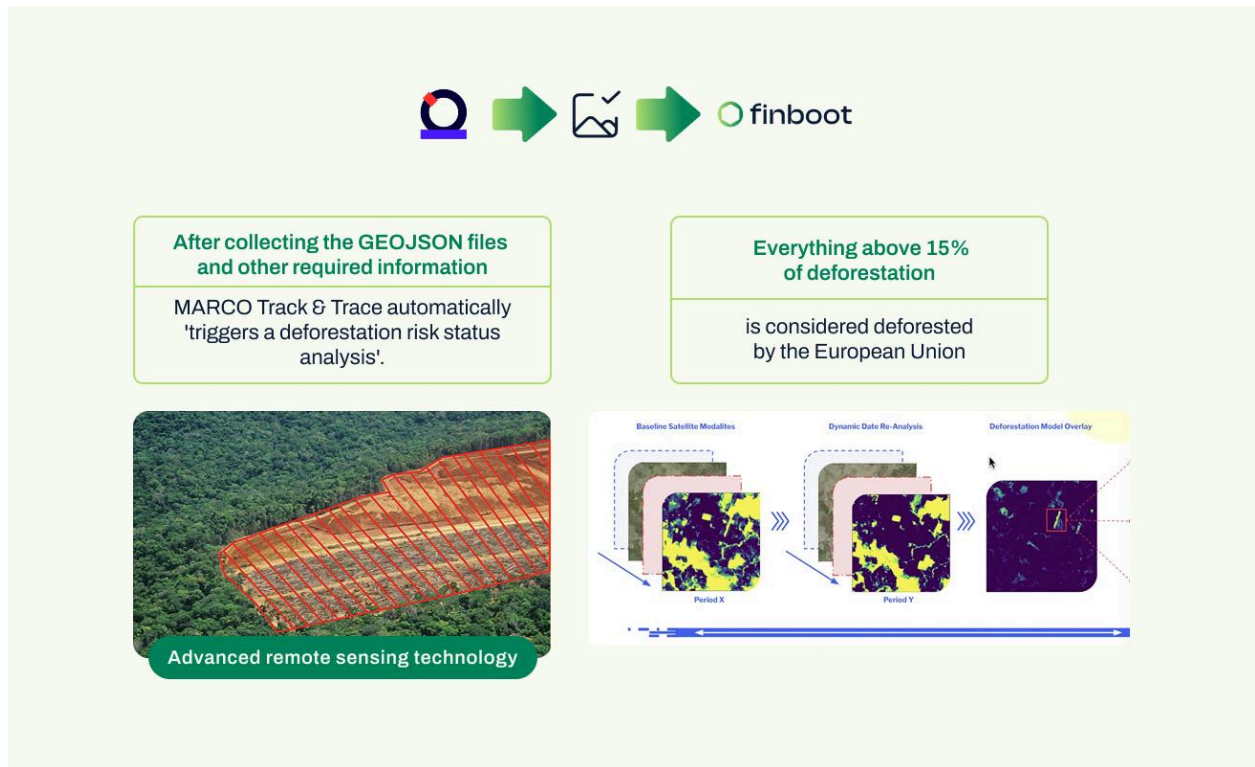
After collecting the GEOJSON files and other required information, MARCO Track & Trace automatically **'triggers a deforestation risk status analysis'**. This analysis is crucial for determining compliance:

- The risk status is low and the deforestation percentage is 0.0%. **The cut of that is 15%.**
- Everything above 15% of percentage of deforestation is considered deforested by the European Union.
- Our system provides these critical metrics clearly and automatically, eliminating the need for manual analysis of complex geographical data.

PRO TIP

It's important to note that if any risk criterion reveals a non-negligible level of risk that cannot be sufficiently mitigated, the product should be deemed non-compliant and cannot be placed on or exported from the EU market. **Our solution helps identify these situations early, allowing companies to take appropriate action before committing to non-compliant supply chains.**

Risk Mitigation Strategies

When risk assessment identifies non-negligible risks, Article 11 of the EUDR requires implementation of mitigation measures. Effective strategies include:

1. **Supplier engagement**: Working with suppliers to address identified risks through capacity building and improved practices
2. **Enhanced verification**: Implementing additional checks at critical control points
3. **Traceability improvements**: Strengthening chain-of-custody documentation and verification
4. **Third-party verification**: Leveraging certification schemes that align with EUDR requirements
5. **Supply chain restructuring**: Modifying supplier relationships to reduce complexity and risk
6. **Technology deployment**: Implementing digital solutions to automate verification and provide greater visibility

Our MARCO Track & Trace platform specifically addresses these needs by providing automated workflows for risk assessment and mitigation. When potential risks are identified, the platform can trigger appropriate verification processes, including detailed documentation collection and geographical analysis of sourcing locations.

The chosen mitigation strategies should be proportionate to the identified risks and documented as part of the due diligence system. Our platform facilitates this documentation, ensuring that all risk mitigation activities are properly recorded and available for review by authorities if needed.

Supply Chain Complexity Considerations

Supply chain complexity is explicitly recognized as a risk factor under Article 10(2)(i) of the EUDR. Through our work implementing traceability solutions, we've seen how this complexity creates particular challenges for compliance. The European Commission's guidance clarifies that complexity increases risk because tracing products back to production locations becomes more difficult, information consistency may be compromised, and control points may be more numerous and harder to verify.

Factors that increase supply chain complexity include:

- Multiple processors and intermediaries between production and the EU market

- Sourcing of commodities from multiple countries or regions
- Use of multiple relevant commodities in a single product
- Processing in multiple locations or countries

Our MARCO Track & Trace platform is specifically designed to address these complexity challenges by providing a unified system for tracking products from source to market.

What we do is link it directly with your batch ID. So imagine you have your ERP connected, and then you will be able to connect this specific import and process with as many batch IDs in your production process as you want. What this will enable us in the future is to link and trace back from the raw material to the final product that you are creating into that import process.
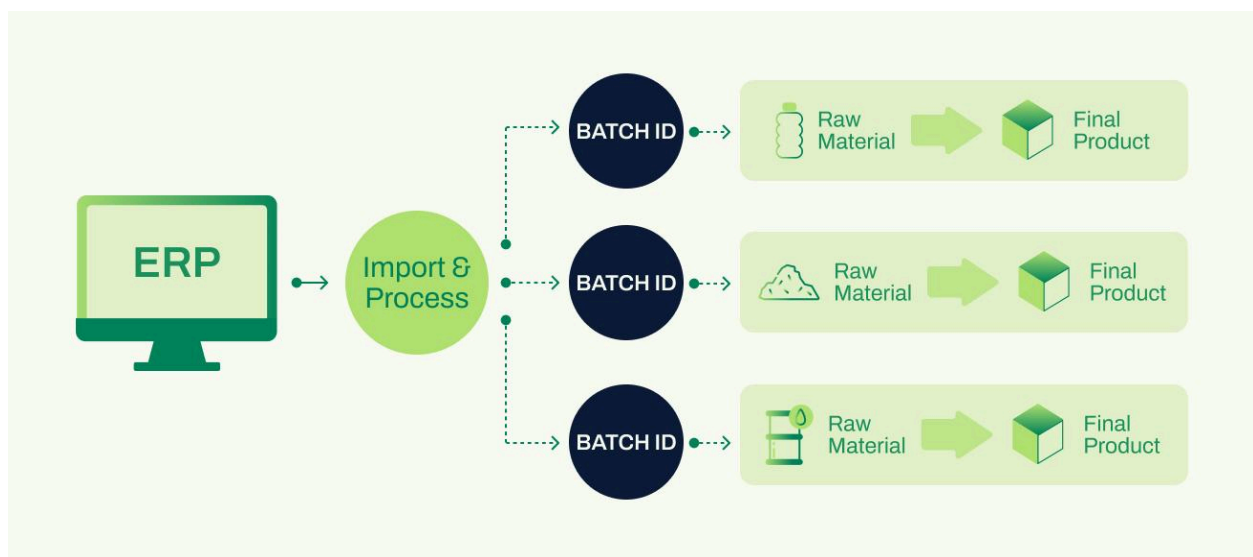
Companies must map their supply chains to identify complexity factors and implement appropriate systems to maintain traceability despite these challenges. Our platform facilitates this mapping and provides the digital infrastructure needed to maintain clear traceability even in complex supply chains. Finboot has also embedded AI directly into its award-winning application, MARCO Track & Trace. MARCO-AI Copilot enables our customers to configure their product supply chains by describing them in any natural language – No Coding required.
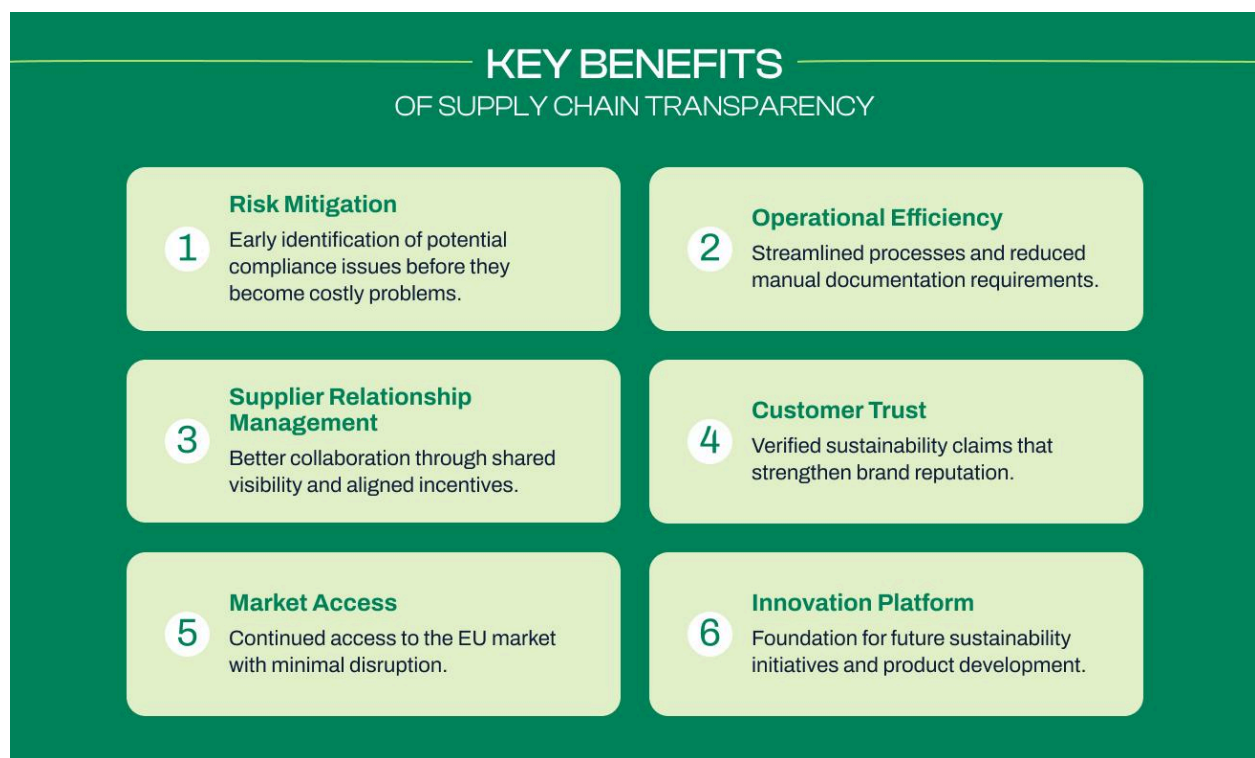
Picture this: You describe your supply chain using natural language, like English (or any language MARCO Track & Trace understands), and instantly, it's built and adjusted right before your eyes.
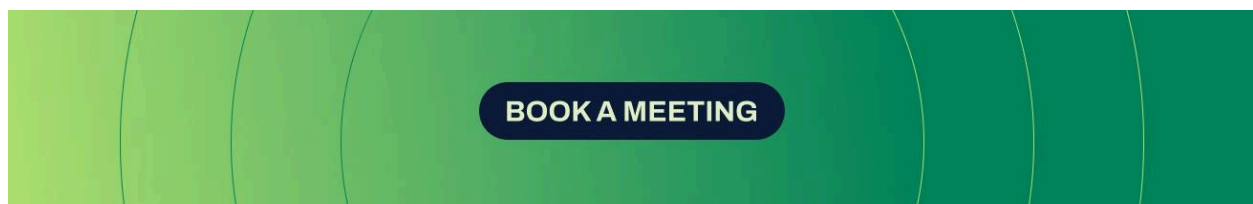
4. Creating Value Through Transparency

Enhanced supply chain transparency delivers business benefits far beyond regulatory compliance. Through our partnerships with leading organizations, we've witnessed how fostering an environment of openness enables companies to not only meet legal requirements but also enhance their operational resilience. This proactive approach enables businesses to adapt swiftly to market changes and consumer demands, ultimately driving growth and innovation.

The value created includes risk mitigation through early identification of potential compliance issues before they become costly problems, operational efficiency via streamlined processes and reduced manual documentation requirements, improved supplier relationship management through shared visibility and aligned incentives, enhanced customer trust through verified sustainability claims that strengthen brand reputation, continued market access to the EU with minimal disruption, and a foundation for future sustainability initiatives and product development.

KEY BENEFITS
OF SUPPLY CHAIN TRANSPARENCY

1 Risk Mitigation
Early identification of potential compliance issues before they become costly problems.

2 Operational Efficiency
Streamlined processes and reduced manual documentation requirements.

3 Supplier Relationship Management
Better collaboration through shared visibility and aligned incentives.

4 Customer Trust
Verified sustainability claims that strengthen brand reputation.

5 Market Access
Continued access to the EU market with minimal disruption.

6 Innovation Platform
Foundation for future sustainability initiatives and product development.

The Digital Advantage

Digital traceability solutions transform EUDR compliance from a documentation burden to a strategic business enabler. Technologies like blockchain, IoT sensors, AI and integrated data platforms enable:

- Real-time and improved visibility across complex supply chains
- Automated collection, verification and sharing of compliance data
- Standardize processes and data formats
- Secure, immutable records of product journeys
- Integration of geographical, temporal, and compliance information
- Scalable solutions that grow with business needs
- Make quicker and more responsive decisions

By [digitalizing EUDR compliance](#), companies not only reduce administrative workload but also create valuable data assets that inform broader business decisions. Digital solutions like Finboot's MARCO TRACK & TRACE enable organizations to move beyond checkbox compliance to strategic advantage:

1. **Operational efficiency**: Reduction in manual data collection and verification
2. **Risk reduction**: Lower probability of supply chain disruptions and compliance issues
3. **Customer retention**: Maintaining access to EU markets and sustainability-conscious buyers
4. **Brand value**: Enhanced reputation for sustainability leadership
5. **Data-driven insights**: Better decision-making based on improved supply chain visibility
6. **Innovation platform**: Foundation for future sustainability initiatives
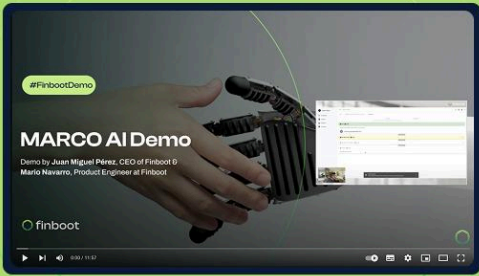
As we mentioned, we've integrated AI capabilities into MARCO AI, the world's first AI co-pilot for green supply chain management. This innovative solution dramatically reduces supply chain configuration time by over 98%, enabling users to set up complex traceability systems in seconds without technical expertise and getting unparalleled efficiency and transparency across global supply chains.

PRO TIP

Watch our demo to see how this powerful tool reduces supply chain configuration time by over 98%, transforming hours of work into seconds.

See a live demonstration of how MARCO AI helps configure complex supply chains for industries ranging from energy and chemicals to steel and construction. This innovative solution supports ESG compliance, sustainability verification, and EUDR requirements through simple text prompts.

Ranked 14th out of 200 in G2's sustainability management category, Finboot's Marco Track and Trace platform continues to evolve, helping businesses accelerate decarbonization with evidence-backed data in hard-to-abate sectors.

MARCO AI Demo
Demo by Juan Miguel Pérez, CEO of Finboot & Mario Navarro, Product Engineer at Finboot
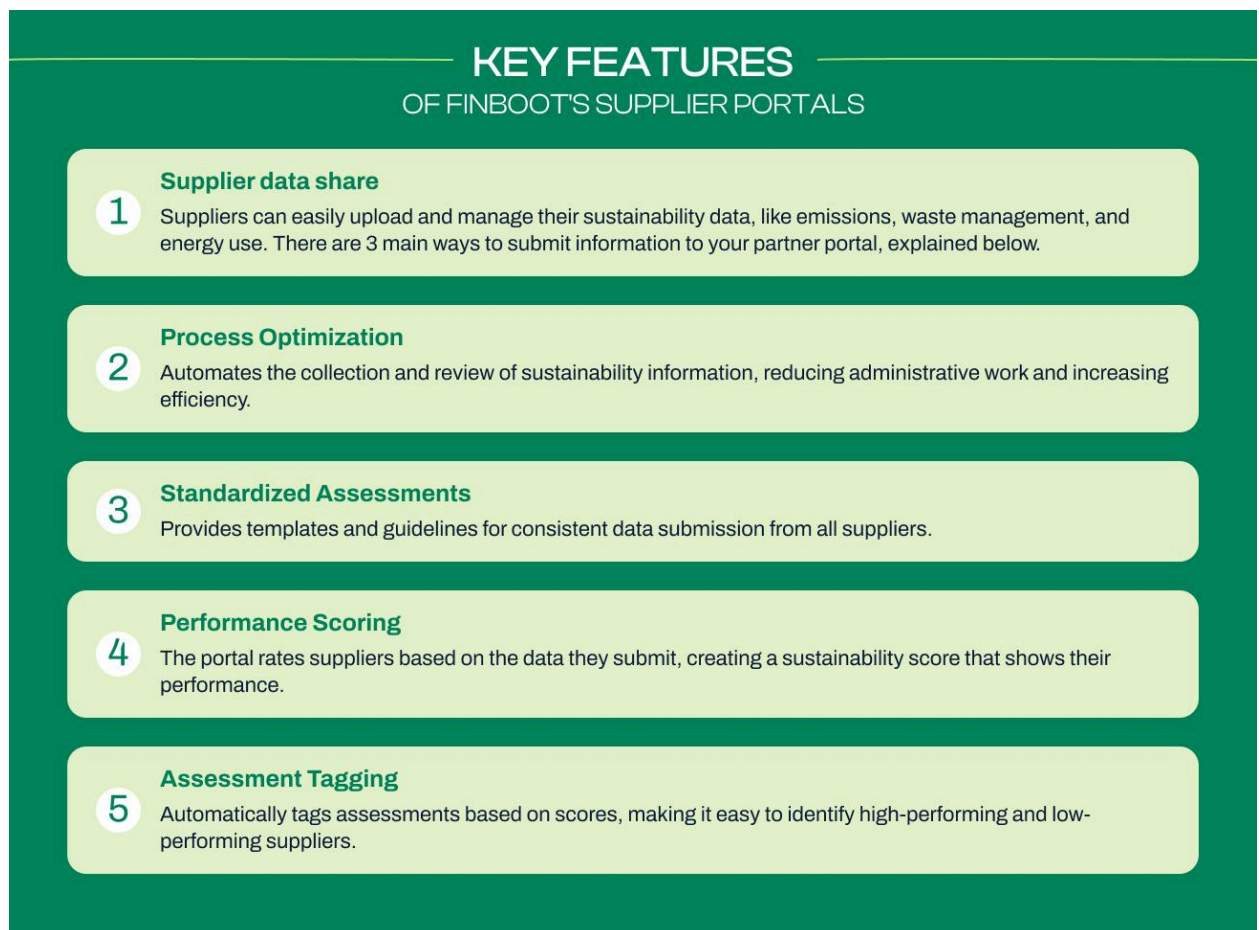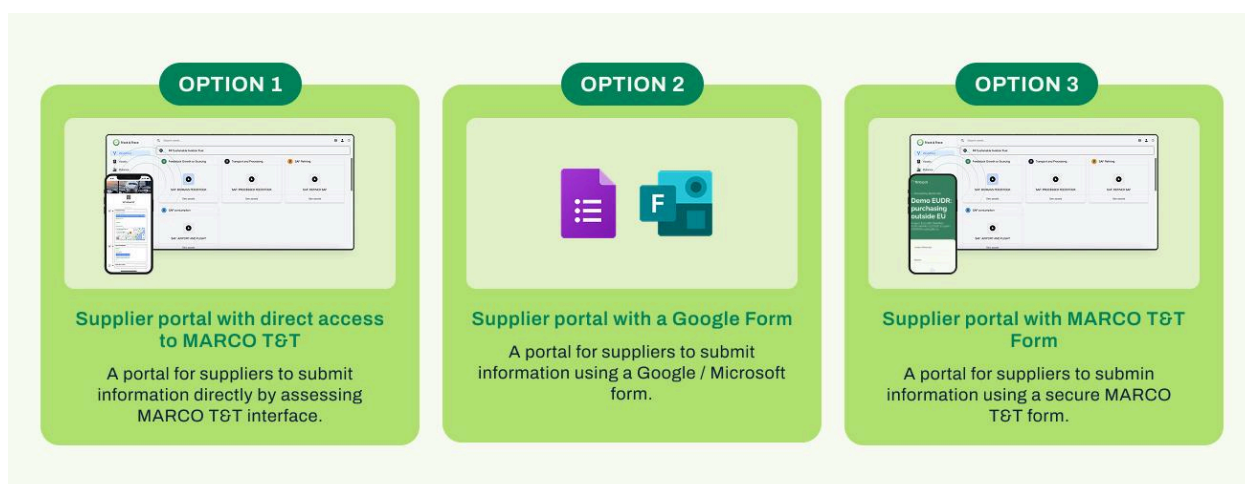
#FinbootDemo

○ finboot

WATCH VIDEO

Enhancing Compliance Through Digital Collaboration

Our [MARCO Track & Trace Supplier Portal](#) is a powerful tool designed to provide suppliers with seamless access for submitting essential sustainability data, optimizing processes, and enhancing collaboration throughout the supply chain.

A dedicated portal can be provided to suppliers for information submission. Alternatively, a designated email inbox can be established for information transfer. However, a purpose-built supplier portal, accessible via a unique URL, has been developed to streamline the submission of required information.

This digital platform acts as a central point for sharing information, managing processes, and monitoring compliance, changing how companies work with their supply chain partners. Key features include:

KEY FEATURES
OF FINBOOT'S SUPPLIER PORTALS

1 Supplier data share
Suppliers can easily upload and manage their sustainability data, like emissions, waste management, and energy use. There are 3 main ways to submit information to your partner portal, explained below.

2 Process Optimization
Automates the collection and review of sustainability information, reducing administrative work and increasing efficiency.

3 Standardized Assessments
Provides templates and guidelines for consistent data submission from all suppliers.

4 Performance Scoring
The portal rates suppliers based on the data they submit, creating a sustainability score that shows their performance.

5 Assessment Tagging
Automatically tags assessments based on scores, making it easy to identify high-performing and low-performing suppliers.

Our application also provides risk management alerts, including high-risk notifications (automatic alerts for suppliers marked as high-risk based on their sustainability scores or compliance metrics) and actionable insights (offering suggestions for improvement to help suppliers effectively address identified risks).

As a best practice approach, MARCO Track & Trace generates customized forms for data portals, balancing security and accessibility. These forms can be sent automatically within workflows or integrated via API with purchase orders. Suppliers receive personalized links with pre-filled information, reducing errors and enhancing security through authentication methods. Options include two-factor authentication (2FA) or secure sign-in with supplier credentials, ensuring a robust experience for data integrity and user access.
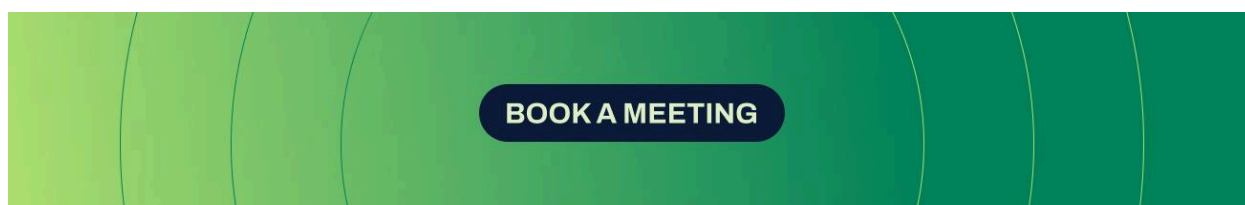
Case Study: Turning EUDR Readiness into Market Differentiation

Major chemical company Evonik has transformed its approach to palm oil sourcing through our digital traceability solution. By implementing a comprehensive digital ecosystem that tracks palm oil from plantation to final product, the company has not only positioned itself for EUDR compliance but also strengthened its market position.

The solution enables Evonik to verify palm oil origins with plantation-level precision, document compliance with both EU requirements and local legislation, provide customers with verified sustainability information, reduce supply chain risks through enhanced visibility, and respond rapidly to emerging deforestation concerns.

CASE STUDY

TURNING EUDR READINESS INTO MARKET DIFFERENTIATION

Automatically tags assessments based on scores, making it easy
to identify high-performing and low-performing suppliers.

1 Verify palm oil origins
with plantation-level precision

2 Document compliance
with both EU requirements and local legislation

3 Provide customers
with verified sustainability information

4 Reduce supply chain risks
through enhanced visibility

5 Respond rapidly
to emerging deforestation concerns

This approach has created measurable business value through premium pricing for certified sustainable products, reduced compliance costs, and strengthened customer relationships. The return on investment extends well beyond regulatory compliance alone, demonstrating how strategic implementation of compliance solutions can create broader business value.

Building an Effective Due Diligence System

Under the EUDR, operators must collect specific information about their relevant products and share it electronically into the TRACES System, the European Commission's online platform for EUDR, through a due diligence statement. As we mentioned, MARCO Track & Trace interfaces with the TRACE System and submits data directly on behalf of your company, utilizing all information collected from your suppliers and internal systems.

The system also captures reference numbers and verification numbers from TRACES submissions, which are essential for maintaining the chain of compliance documentation throughout the supply chain. Both of them will be needed to share with your supplier or with any other party in the supply chain process to be able to gather this information.

That DDS must contain		
1	**Product description**	Adequate description including trade name and type
2	**Quantity**	Expressed in volume, weight, or number of units
3	**Origin information**	Country of production and sub-national region/ geolocation
4	**Production dates**	When commodities were produced
5	**Supplier details**	Name, address, and contact information
6	**Customer details**	Name, address, and contact information of buyers
7	**Documentation**	Evidence of compliance with deforestation-free requirements
8	**Legal compliance evidence**	Documentation showing compliance with relevant legislation in country of production

For companies handling composite products that contain multiple relevant commodities, information requirements apply to each relevant commodity within the product. This creates significant data management challenges, but our MARCO Track & Trace platform has been designed to integrate seamlessly with TRACES, automating the submission process and ensuring that all required information is properly formatted and validated before submission. This process will finish. And inside our tool, those steps have been fulfilled with the specific information coming from your supplier.

Article 12 of the EUDR requires operators to maintain a documented due diligence system and review it at least annually. Based on our implementation experience, best practices include:

1. **Documented procedures**: Clear protocols for information collection, risk assessment, and mitigation
2. **Defined responsibilities**: Clear assignment of due diligence responsibilities within the organization
3. **Regular reviews**: At least annual evaluation of system effectiveness
4. **Continuous improvement**: Updates based on changing risk profiles and emerging best practices

5. **Record-keeping**: Maintenance of all due diligence records for at least five years

At Finboot, we also recommend using the ACCEPTANCE Server training platform to familiarize your team with the TRACES system. This replica environment provides a risk-free space to practice submissions and ensure that your processes are aligned with system requirements before you begin making actual compliance declarations.

5. The Integrated Solution Advantage

Buy vs. Build Considerations

When implementing EUDR compliance systems, companies face a critical decision: build custom solutions internally or leverage existing market offerings like our MARCO Track & Trace platform. Key considerations include:
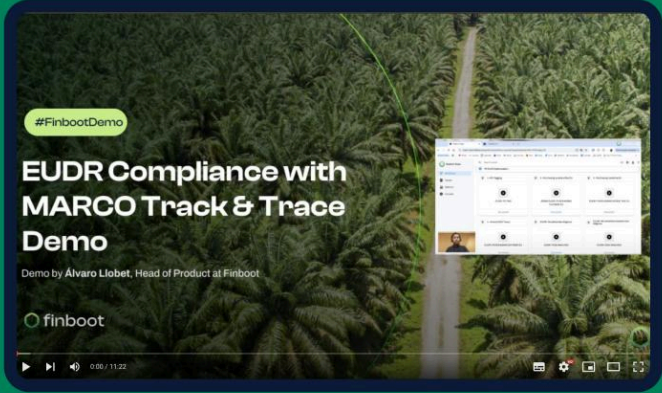
1. **Technical complexity**: EUDR compliance requires sophisticated data management capabilities
2. **Ongoing maintenance**: Regulatory requirements evolve, necessitating continuous updates
3. **Integration requirements**: Solutions must connect with existing enterprise systems
4. **Implementation timeline**: Limited time remains before enforcement begins
5. **Total cost of ownership**: Initial development vs. long-term maintenance costs

Purpose-built solutions like Finboot's MARCO Track & Trace offer faster implementation, lower costs, and reduced compliance risk compared to in-house development through seamless integration with existing systems, minimizing disruption and providing specialized EUDR compliance functionality. This allows companies to leverage regulatory and traceability expertise without diverting internal resources.

Scaling Across Regulations

The EUDR is just one part of a broader regulatory trend toward sustainable supply chains. Other relevant regulations include:

- **Ecodesign for Sustainable Products Regulation (ESPR)**: Establishing eco-design requirements across product categories
- **EU Packaging and Packaging Waste Regulation (PPWR)**: Setting new sustainability standards for packaging
- **Corporate Sustainability Due Diligence Directive (CSDDD)**: Requiring due diligence for human rights and environmental impacts
- **Corporate Sustainability Reporting Directive (CSRD)**: Expanding sustainability disclosure requirements

Our MARCO Track & Trace platform is designed with regulatory convergence in mind, enabling companies to create compliance systems that scale across multiple regulations. This approach avoids the need for separate systems for each requirement, reducing both cost and complexity while ensuring consistent application of sustainability principles across the organization.

As demonstrated in our platform demo, the system's modular architecture allows for configuration to meet specific regulatory requirements while maintaining a consistent core functionality. This flexibility ensures that the system can adapt to changing regulatory requirements without requiring complete redevelopment.
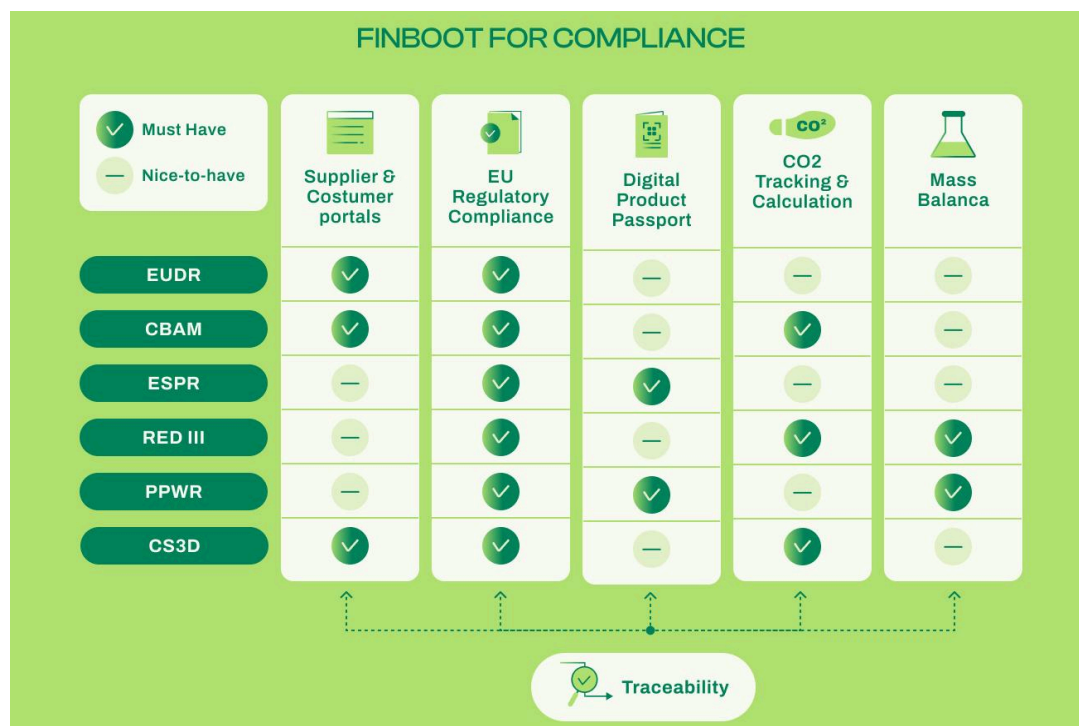
💡 PRO TIP

MARCO Track & Trace is inherently adaptable by design, featuring a modular architecture that can be configured to align with any specific regulatory frameworks.

For instance, while the software is not certified for a specific requirement, such as ISCC+, RFS2 - EPA, CORSIA, or CARB, the use and implementation of the software make the data eligible for certification. In other words, the data collected in our system is used for the certification, but the software product itself is not certified. Our clients use the data in the system to meet CORSIA requirements and for European Union reporting. For example, in the steel sector, it helps calculate and track GHG emissions, including the traceability of carbon credits associated with steel, plus certification and auditing for access to VERRA and GOLD standards in the voluntary carbon credit market.

Simple like this: Any certification could be included in the scope of work with you. We would need to review the data requirements for those certifications.

ROI Beyond Compliance

The business case for integrated EUDR compliance solutions extends well beyond avoiding penalties. Value drivers include:

1. **Operational efficiency**: Reduction in manual data collection and verification
2. **Risk reduction**: Lower probability of supply chain disruptions and compliance issues
3. **Customer retention**: Maintaining access to EU markets and sustainability-conscious buyers
4. **Brand value**: Enhanced reputation for sustainability leadership
5. **Data-driven insights**: Better decision-making based on improved supply chain visibility
6. **Innovation platform**: Foundation for future sustainability initiatives

Organizations that implement robust digital solutions like our MARCO Track & Trace platform typically achieve payback periods of 12-24 months, with ongoing returns through improved

operational performance. This return on investment makes the business case for digital compliance solutions compelling even beyond the regulatory imperative.
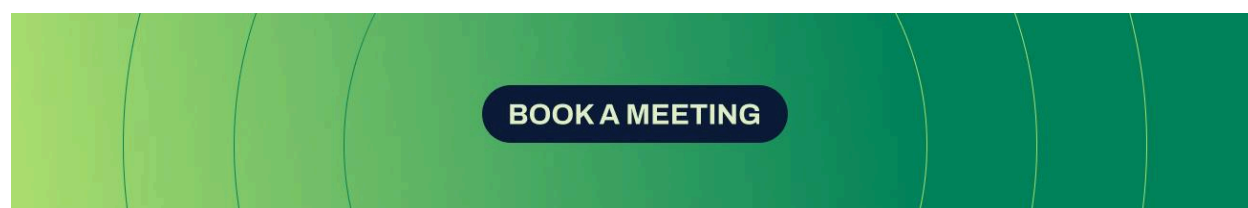
6. Conclusion: The Path Forward

The EUDR represents both a compliance challenge and a strategic opportunity. Organizations that approach the regulation with a business-focused mindset will develop capabilities that deliver value far beyond mere compliance. At Finboot, we've witnessed how forward-thinking companies are leveraging this regulatory shift to transform their approach to supply chain management and sustainability.

By implementing comprehensive risk assessment processes supported by digital traceability solutions like our MARCO Track & Trace platform, companies can transform regulatory requirements into business advantages. These capabilities not only ensure EUDR compliance but also position organizations for success in an increasingly sustainability-focused business environment.

The time to act is now. With just over a year remaining before full enforcement begins, companies must move quickly to assess their supply chains, implement appropriate solutions, and transform potential disruption into competitive advantage.
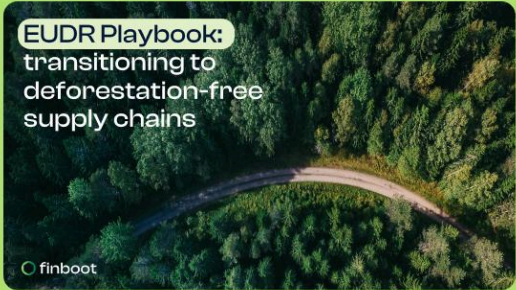
Additional Resource