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IN COLLABORATION WITH CMS law·tax·future

A LEGAL GUIDE FOR OPERATORS AND TRADERS

The ultimate guide to *legal* analysis for EUDR compliance

Legal requirements, documentation, contracts and the risks of non-compliance under the EU Deforestation Regulation

Produced in collaboration with LiveEO's legal partner CMS.

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What's inside

SECTION 01

Introduction to the EUDR

The European Union Deforestation Regulation (EUDR, Regulation) introduces stringent legal obligations for companies across the supply chain, transforming how businesses source commodities.

The regulation is specifically designed to combat the ongoing issue of global deforestation by making companies accountable for their raw material sources, ensuring sustainability practices are upheld. This is particularly relevant as deforestation continues to drive biodiversity loss and climate change.

Whether you are an operator, micro or small primary operator, downstream operator or trader in terms of the EUDR, understanding these requirements is vital to maintain compliance and market access.

Produced in collaboration with LiveEO's legal partner CMS, this guide provides an in-depth look at the legal requirements for deforestation-free supply chains, required documentation, contract considerations, and the legal risks of non-compliance.

We also explore practical strategies for auditing supply chains, minimizing legal exposure, and ensuring robust compliance processes – all with a focus on EUDR readiness.

We understand that navigating new regulations like the EUDR can feel overwhelming, especially when supply chains are complex and span multiple regions. However, with the right strategies and support, compliance can become a manageable and even beneficial process for your business.

What the EUDR means for global businesses

The EUDR aims to combat deforestation and forest degradation by preventing the import, trade and export of products that were sourced from plots of land affected by deforestation or forest degradation.

The regulation emphasizes stringent traceability and due diligence, which means that especially operators must have deep visibility into their supply chains to comply effectively. The EUDR affects a wide range of industries, including for example food and agriculture, automotive, construction/furniture, pharmaceutical and packaging.

Companies must navigate the requirements for due diligence, such as collecting geolocation data about production plots and ensuring their products meet the standards for deforestation-free sourcing as outlined in Articles 4, 4a and 5 of the Regulation.

Which commodities fall under the EUDR?

A key focus of the EUDR is on commodities that are considered high risk for contributing to deforestation. These include the seven commodities cattle, palm oil, soy, cocoa, coffee, rubber and timber.

Additionally, products which contain or are made under the use of these commodities also fall under the material scope of the EUDR, e.g. but not limited to:

- **Cattle:** Beef, frozen cattle tongue and related products.
- **Palm Oil:** Includes derivatives like palm kernel oil and glycerin.
- **Soy:** Covers soybeans, soy meal, and oil.
- **Cocoa:** Cocoa beans, cocoa butter, chocolate, and other cocoa-based products.
- **Coffee:** Roasted, decaffeinated coffee, soluble coffee and coffee husks.
- **Rubber:** Raw natural rubber, rubber clothing, and other rubber-derived products.
- **Timber:** Raw wood, charcoal, wood-based packaging, and construction materials.

It's important to note that the EUDR only applies to specific commodities and products as defined in Annex I of the regulation. Not all derivatives of these commodities are covered unless they are explicitly listed in the annex.

For instance, while palm oil is included, certain processed derivatives may not fall under the regulation unless they are directly referenced. Therefore, understanding if your company's products are within this defined scope is critical for compliance.

SECTION 02

Legal obligations for companies affected by EUDR

The EUDR is not just a guideline – it demands concrete actions to ensure compliance and reshape how commodities are sourced and verified.

We recognize that adjusting your supply chain practices to meet these legal requirements can present challenges, from sourcing data to ensuring supplier cooperation.

But with the right tools and systems, you can take proactive steps to meet EUDR obligations while reducing risks.

In the following sections, we will explore what it means for companies to build deforestation-free supply chains and the specific due diligence responsibilities they must fulfil to meet these legal requirements.

The legal requirements and due diligence for deforestation-free supply chains

Under the EUDR, operators and traders must demonstrate that their products are deforestation-free. This applies to products that contain or are made using high-risk commodities like cattle, soy and palm oil, which must be sourced from land that has not experienced deforestation since the cut-off date, 31 December 2020. In the case of wood and wood products, the wood must not be harvested from forests that have undergone forest degradation after 31 December 2020.

To ensure compliance, companies are required to implement due diligence systems that actively monitor and manage their supply chains. These systems must include data collection, verification, risk assessment and risk mitigation processes to confirm compliance with sustainability standards.

Key actions for due diligence include:

- **Information Gathering (Art. 9).** Companies must collect comprehensive information about the products in their supply chain, including:
  - **Geolocation data:** Accurate geolocation data of production areas to ensure the land was not subject to deforestation or forest degradation after 31 December 2020.
  - **Product Descriptions:** Including trade names, scientific names of species (if applicable), and relevant quantities.
  - **Supply Chain Documentation:** Invoices, contracts, customs forms, and shipping records to verify product traceability and legal sourcing.
- **Risk Assessment (Art. 10).** Businesses are required to evaluate potential non-compliance risks for commodities based on:
  - Country-specific risks.

  - The complexity and transparency of the supply chain.
  - Evidence from geolocation data or previous supplier compliance records.

  If significant risks are identified, enhanced scrutiny and measures must follow.

- **Risk Mitigation (Art. 11).** Operators must address identified risks proactively by implementing measures such as:
  - **Supplier Engagement:** Ensuring suppliers adhere to compliance requirements through contracts or certifications.
  - **Corrective Actions:** Where necessary, replace or rectify non-compliant suppliers.
  - **Third-Party Verification:** Use audits or independent assessments to validate compliance.
- **Due Diligence Statement Submission (Art. 12).** Affected companies must submit a Due Diligence Statement (DDS) to the EU Information System affirming compliance. This DDS confirms:
  - The absence of deforestation-related risks for the relevant commodities.
  - Compliance with the legal standards of the country of production.
- **Ongoing Monitoring (Best Practice).** Though not mandated, implementing continuous monitoring through tools like satellite imagery or AI-driven platforms can help ensure long-term compliance and early risk detection.

TABLE 1

Due diligence actions and the evidence each one requires

DUE DILIGENCE ACTION	DESCRIPTION	TOOLS OR DOCUMENTATION
Geolocation Validation	Collect precise coordinates of production areas	Satellite data, GPS coordinates
Continuous Monitoring	Monitor land-use changes in real-time	AI-driven satellite data, risk detection
Supplier Compliance Verification	Ensure suppliers meet EUDR criteria	Contracts, geospatial analysis, audits
Risk Assessment and Mitigation	Ongoing evaluation of risks and actions to mitigate them	Risk reports, satellite analysis
DDS Submission	Submit official DDS	Legal documentation, compliance reports

TABLE 2

Country risk category, due diligence obligations and enforcement

COUNTRY RISK CATEGORY	CORPORATE DUE DILIGENCE OBLIGATIONS			ENFORCEMENT
	EVIDENCE COLLECTION	RISK ASSESSMENT	RISK MITIGATION	
Low Risk	✓	Proof that no risk exists due to the complexity of the supply chain, mixing, or circumvention of EUDR. Other due diligence obligations must be fulfilled if there are indications of violations/non-negligible risks.		Authorities review at least 1% of companies.
Standard Risk	✓	✓	✓	Authorities review at least 3% of companies.
High Risk	✓	✓	✓	Authorities ensure that at least 9% of market participants and 9% of the volume of relevant raw materials and products are monitored.

How country risk affects due diligence requirements, and what share of companies authorities are required to check.

Identifying affected parties in the supply chain

The EUDR explicitly allocates responsibilities across the supply chain, ensuring that accountability is maintained across the supply chain. The below obligations are aligned with Articles 4, 4a and 5 of the Regulation, which establish distinct roles and responsibilities.

Operators: first to place products on the EU market

Definition: Operators are entities that place relevant commodities or products on the EU market for the first time, whether through production or import, or exports them.

Key Obligations:

- **Due Diligence System Implementation:** Operators must establish and maintain a robust due diligence system, which includes:
  - Gathering comprehensive information about the product's origin, geolocation, and legality.
  - Assessing and mitigating risks associated with deforestation and forest degradation.
- **Submission of a DDS:** A mandatory declaration to the EU Information System confirming compliance with deforestation-free requirements and the legislation of the country of production.

- **Mitigation Measures:** If risks are identified, operators must implement appropriate measures to reduce them to a negligible level before placing the products on the market.

Micro or small primary operators (MSPO)

Definition: MSPO are natural persons or micro or small enterprises established in low-risk countries that place on the market or export products from their own production and are therefore eligible for simplified EUDR obligations.

Key Obligations:

- **Registration and Simplified DDS:** MSPO must register in the EU Information System and submit a one-time simplified DDS. Instead of geolocation coordinates, the business or postal address of the production unit may be provided.
- **Simplified Compliance Requirements:** They benefit from a simplified compliance regime and are not required to conduct risk assessment or risk mitigation measures. The simplified declaration only needs to be updated where material changes occur; minor adjustments to the annual quantities reported do not require an update.
- **Documentation and Records:** They must retain all relevant documentation for at least five years and provide it to competent authorities upon request and communicate the reference number of the simplified declaration to downstream operators and traders.

Downstream operator: operators using products already covered by a DDS

Definition: Downstream operators are natural or legal persons that, in the course of a commercial activity, place relevant products on the market or export them where those products have been manufactured using relevant products already covered by a DDS or a simplified declaration.

Key Obligations:

- **Information Collection and Registration:** Downstream operators must collect and retain information on their suppliers and customers. DDS reference numbers must only be collected where the immediate supplier is an upstream operator. Non-SME downstream operators must register in the EU Information System.
- **Verification in Case of Substantiated Concerns:** Downstream operators are not required to submit their own DDS. Non-SME downstream operators must verify whether due diligence obligations have been fulfilled and whether any risk of non-compliance has been excluded or reduced to a negligible level where substantiated concerns arise.
- **Cooperation with Authorities and Record Keeping:** Downstream operators must retain the required information for at least five years, provide relevant information to competent authorities upon request, and notify the competent authorities if they become aware of information indicating that a product may not comply with the EUDR.

Traders: distributors within the EU market

Definition: Traders are entities that make relevant products available on the EU market but do not place them there initially.

Key Obligations:

- **Registration and Information Management:** Traders must collect and maintain information on their suppliers and customers to ensure traceability throughout the supply chain. Where the immediate supplier is an operator, traders must also retain the reference number of the corresponding DDS. Non-SME traders must register in the EU Information System.
- **Verification in Case of Substantiated Concerns:** While traders are not required to submit their own DDS, they must take appropriate action where substantiated concerns arise that products may not comply with EUDR requirements. This includes verifying whether the relevant due diligence obligations have been properly fulfilled.
- **Collaboration with Authorities and Documentation Retention:** Traders must provide relevant information to competent authorities upon request and retain the required records, including DDS reference numbers where applicable, for at least five years.

Producers and suppliers outside the EU

Producers and suppliers outside the EU who do not place products directly on the EU market must be considered suppliers who have no direct legal obligations under the EUDR. However, it is in their interest to align with EUDR standards, as their customers will require EUDR-compliant products to fulfil their own regulatory obligations. Operators and traders are also dependent on information from suppliers to comply with their own due diligence requirements. By proactively ensuring compliance, producers and suppliers can strengthen their business relationships and streamline the supply chain's compliance efforts.

While intermediaries such as logistics providers, consultants, or third-party auditors play a supportive role in compliance-related tasks like documentation collection and risk assessments, the EUDR does not formally recognize them as a separate category with specific obligations.

Their contributions, such as assisting operators and traders with geolocation data or audits, are valuable but remain part of the broader compliance support network, not a regulatory requirement.

TABLE 3

Roles and responsibilities across the supply chain

CATEGORY	DEFINITION	RESPONSIBILITIES
Operators	Place products/ commodities on the EU market for the first time	■ Conduct full due diligence, including geolocation and risk assessment ■ Submit DDS and mitigate risks before placing products on the market
MSPO	Primary producers from low-risk countries who grow and directly import or export relevant commodities	■ Register in the EU Information System and submit a one-time simplified declaration ■ Update the simplified declaration only where material changes occur ■ Maintain records for minimum of 5 years ■ Disclose simplified declaration's identification number to downstream operators and traders
Downstream Operators	Any natural or legal person who, in the course of a commercial activity, places on the market or exports relevant products made using relevant products, all of which are covered by a due diligence statement or by a simplified declaration.	■ Maintain information on immediate suppliers and customers, including DDS reference numbers where applicable ■ Verify compliance where there are substantiated concerns that EUDR obligations have not been properly fulfilled (Non-SME only) ■ Retain relevant records, including DDS reference numbers where applicable, for at least five years ■ Provide relevant information to competent authorities upon request
Traders	Make relevant products available on the EU market but do not place them on the market for the first time.	■ Maintain information on immediate suppliers and customers, including DDS reference numbers where applicable ■ Verify compliance where there are substantiated concerns that EUDR obligations have not been properly fulfilled (Non-SME only) ■ Retain relevant records, including DDS reference numbers where applicable, for at least five years ■ Provide relevant information to competent authorities upon request ■ Register in the EU Information System (Non-SME only)

SECTION 03

Legal documentation required

Compliance with the EUDR requires comprehensive documentation that proves products are sourced deforestation-free and have been produced in accordance with the relevant legislation of the country of production.

This section outlines the critical documents and processes needed, ensuring that all required information is systematically captured to align with EUDR regulations. This includes providing geolocation data of production areas to confirm that products originate from deforestation-free land and continuous data collection to enable audits as required by the regulation.

While proper documentation is essential, companies must also ensure that their contracts with suppliers are structured to enforce EUDR compliance. This is why in the next section, we'll look at how businesses can legally bind suppliers to these obligations through robust contractual clauses.

Let's dive in:

Mandatory product description and evidence

Under the EUDR, companies are obligated to document key information about their products to ensure compliance. This includes specifying:

- **Product Description:** Trade name, type of product, and scientific names of wood species, if applicable, to provide traceability (Article 9 EUDR). Additionally, companies must collect geolocation data to provide precise coordinates of production areas, which is crucial to verifying deforestation-free sourcing. For MSPO, the EUDR provides simplified information requirements, allowing the business or postal address of the production unit to be reported instead of geolocation coordinates.
- **Supporting Documents:**
  - **Invoices:** Detailed records of all transactions to verify product identity and traceability.
  - **Contracts:** Legal agreements that outline the responsibilities of suppliers and ensure awareness of EUDR obligations.
  - **Certifications:** Compliance documents like forest management and forest chain of custody certifications that confirm sustainable sourcing. It is important to note that certifications complement risk assessments but do not replace them.

Evidence of quantity and country of origin

For EUDR compliance, companies must provide verifiable information about both the quantity of products and their country of origin. This is crucial to demonstrate traceability and compliance with deforestation-free sourcing practices.

Key documents to collect include:

- **Tax Receipts:** Proof of transaction authenticity that supports traceability.
- **Shipping Documents:** These track product movements, providing visibility along the supply chain. These documents should also include detailed geolocation data to demonstrate compliance with deforestation-free sourcing.
- **Customs Forms:** Documentation that verifies product entry or export and country of origin details.

What is more, ensuring that all due diligence documents are integrated into broader supply chain management systems helps facilitate traceability and rapid access during audits. Automation of these systems is encouraged to reduce human error and improve responsiveness during regulatory checks.

RETENTION REQUIREMENT

All documentation must be retained for a minimum of five years to ensure traceability and provide evidence during inspections. This also includes maintaining comprehensive geographic and legal data, which should be accessible during regulatory inspections.

Due diligence regarding legality

The EUDR mandates that all operators ensure compliance with the relevant legislation of the country of production as part of their due diligence obligations.

This includes adherence to national/regional laws as well as international law covering environmental protection, land use rights, forest management, labor conditions, indigenous peoples' rights, and anti-corruption measures.

Companies must gather and verify documentation necessary to confirm the legality of production. Depending on the applicable legislation in the country of production, this may include administrative permits, land tenure agreements, compliance records or other relevant evidence.

The EUDR follows a risk-based approach to due diligence. The verification process must address risks such as weak governance or corruption in the country of origin. All information must be analysed and verified, meaning operators must be able to evaluate the content and reliability of the documents they collect and to understand the links between the different information in different documents.

Where information is incomplete, contradictory or raises concerns regarding compliance, operators should obtain additional information and carry out further verification. Publicly available sources, such as country assessments and relevant reports, may support this assessment. For products originating from low-risk countries, simplified due diligence requirements generally apply unless there are substantiated concerns of non-compliance.

TABLE 4

Records that evidence legality of production

LEGALITY CATEGORY	TYPE OF RECORDS
Documentation for rights to use and access resources	■ Documentation of ownership or land use rights ■ Contracts or concession agreements ■ Resource extraction permits (e.g., harvest, mining, or agricultural permits) ■ Concession licenses and maps ■ Production/harvest agreements
Payments for rights or taxes	■ Commercial contracts ■ Bank notes ■ VAT documentation ■ Official tax receipts ■ Proof of royalty or licensing fee payments
Production processes, including environmental and labor legislation	■ Official audit reports ■ Environmental impact assessments (EIA) ■ Management or production plans ■ Legal clearance certificates ■ Worker health and safety records ■ Social responsibility agreements
Third-party rights and tenure	■ Documentation of community or indigenous land rights ■ Records of stakeholder agreements or conflict resolution ■ Reports on tenure and rights claims ■ Agreements or contracts safeguarding third-party legal rights
Trade and customs compliance	■ Transport permits ■ Shipping and export documentation ■ Import/export licenses ■ Official receipts for export duties ■ Export quota awards ■ Proof of origin (certificates of origin or traceability reports)
Verification of sustainability and legality standards	■ Sustainability certifications (e.g., RSPO, FSC, UTZ) ■ Compliance assessments from recognized third parties ■ Geospatial data demonstrating compliance with EUDR cut-off dates ■ Satellite monitoring records

Overview of the actual documents that help in proving compliance.

Contracts with suppliers: legal considerations

One of the best practices is to structure contracts with suppliers in a way that ensures they meet the regulation's strict standards. These contracts should contain specific clauses that clearly outline the supplier's legal obligations:

Key contractual considerations include:

- **Compliance Clauses:** Suppliers must guarantee adherence to EUDR standards, ensuring that all commodities are deforestation-free. This includes the obligation to provide verifiable geolocation data that confirms the exact origin of the raw materials.
- **Audit Cooperation:** Clauses requiring suppliers to cooperate fully with audits, providing necessary information to verify compliance. Contracts should also specify that suppliers must allow third-party verification audits, especially in high-risk regions.
- **Termination Conditions:** Provisions for terminating agreements if a supplier fails to comply with EUDR requirements.
- **Third-Party Verification:** Where possible, contracts should include requirements for suppliers to obtain independent third-party verification of their compliance, adding an extra layer of assurance. This helps mitigate risks in complex supply chains by ensuring external oversight of compliance measures.

Even with well-structured contracts, companies must remain vigilant of the legal risks and penalties for non-compliance with the EUDR. The following section will explore these potential consequences and how to avoid them.

SECTION 04

Legal risks and penalties for non-compliance

Failure to comply with the EUDR can lead to significant legal and financial consequences for companies.

Non-compliance isn't just about fines but about losing access to markets, facing severe reputational damage, and the operational impacts of non-compliant goods being confiscated or delayed.

Facing the risks of non-compliance can be daunting, but these risks can be managed with the right preventive measures. By building a robust compliance framework, you can protect your company from legal consequences while safeguarding your reputation.

Let's explore this topic in more detail:

Possible penalties of EUDR non-compliance

Placing products on the market, trade them or export them which are not compliant with the EUDR can lead to substantial legal risks, including financial penalties, restrictions on market access, and reputational harm. The consequences of non-compliance are serious and multifaceted, impacting not only the financial bottom line but also a company's credibility and ability to conduct business effectively.

Fines

The EUDR mandates that penalties for non-compliance be effective, proportionate, and dissuasive. The maximum amount of the financial penalty shall be set at a level not lower than 4% of the total Union-wide annual turnover in the preceding business year. The exact nature and amount of fines can vary by Member State, as each country is responsible for establishing its own enforcement measures.

These fines act as a deterrent and highlight the need for careful documentation practices to ensure compliance. By maintaining detailed records, businesses can minimize their risk of penalties.

Product seizure

Authorities also have the power to confiscate non-compliant products. This can lead to significant financial losses, disruptions in supply chains, and additional costs related to replacement or re-shipping of compliant goods. The confiscation of non-compliant goods can also result in supply chain delays, further increasing operational costs.

Public disclosure

Violations of EUDR requirements can result in public disclosure of judgements for the infringement of the EUDR by the Commission, which may tarnish a company's reputation. The public nature of such disclosures can have a long-term impact, reducing consumer trust and making it harder for companies to build new business relationships.

Companies should focus on maintaining compliance to mitigate the possibility of such outcomes.

TABLE 5

Penalties for non-compliance and their consequences

PENALTY	DESCRIPTION	CONSEQUENCE
Fines	Minimum of 4% of the operator's, downstream operator's or trader's total annual Union-wide turnover for incomplete documentation. The fine may exceed this percentage to offset any economic benefit gained from non-compliance, calculated as per Article 5(1) of Council Regulation (EC) No 139/2004.	Financial loss, legal exposure
Product Seizure	Confiscation of non-compliant goods	Supply chain disruption, additional costs
Public Disclosure	Publication of judgments regarding infringements of the EUDR	Reputational damage, market access loss

Ensuring legal protection against supplier non-compliance

Minimizing legal risks means ensuring that suppliers adhere to EUDR standards, this is why companies need to be proactive in enforcing compliance across their entire supply chain. If a supplier fails to comply, the legal and financial ramifications can fall on the companies they supply.

Third-party audits

Implementing regular third-party audits and providing for contractual obligations that suppliers agree to participate in those audits is a crucial measure for ensuring supplier compliance. These audits provide an unbiased evaluation of the supplier's adherence to EUDR requirements.

Regular audits can identify gaps or issues early, allowing companies to work with suppliers to address them before they become a compliance risk. Including third-party audits in supplier agreements ensures an additional layer of verification and reduces the risk of non-compliance penalties falling back on the purchasing company.

This proactive approach also demonstrates a company's commitment to responsible sourcing, which can enhance credibility and strengthen business relationships. However, third-party audits and certifications serve only as supporting evidence and do not replace due diligence obligations under the EUDR. Companies must ensure that the underlying standards and chain-of-custody systems meet EUDR requirements and that only fully compliant products are placed on the market.

SECTION 05

Conducting legal audits and verifications for EUDR compliance

Ensuring that supply chains are compliant with the EUDR requires ongoing legal audits and verifications.

These processes ensure that all obligations are met, from due diligence to document retention, providing a robust mechanism for identifying and mitigating risks related to deforestation-free sourcing.

Periodic audits and continuous monitoring of compliance are essential, particularly in high-risk areas. Companies must employ risk-based assessments that account for country-specific deforestation risks and other factors that may affect compliance.

How to legally audit your supply chain for EUDR

Conducting a legal audit of your supply chain is essential for confirming compliance with EUDR standards. Key steps involved in this process include:

- **Information Gathering:** Companies need to collect specific information about all commodities and products throughout the supply chain, including geographic coordinates for the plots of land where the commodities are produced. This is a fundamental step in establishing traceability and verifying that no deforestation has taken place on the production land after December 31, 2020. The geographic coordinates must cover all production areas and be verified through regular audits to ensure accuracy.
- **Risk Assessment:** Once information is gathered, a thorough risk assessment must be conducted. This includes evaluating the potential for non-compliance and identifying any areas that require additional monitoring or documentation. Risk assessments should be ongoing and adjusted based on country-specific risks and the complexity of the supply chain. Special attention should be given to high-risk regions where deforestation is more prevalent.
- **Risk Mitigation:** If a risk assessment reveals more than a negligible risk of non-compliance, operators must implement risk mitigation measures adequate to reduce the risk to a negligible level before placing products on the market. According to Article 11, these measures may include obtaining additional information or documentation, conducting independent audits, or supporting suppliers with capacity-building measures. For products originating from countries classified as low risk, risk mitigation is generally not required unless there are substantiated indications of non-compliance. Where applicable, non-SME operators and non-SME traders must maintain internal compliance systems, including risk management measures, and designate a compliance officer. The decisions and processes involved in risk mitigation must be documented and made available to competent authorities upon request.

- **Verification and Compliance Checks:** Legal tools such as third-party audits and supplier assessments are vital to verifying compliance. Independent audits help ensure that data on production origins, contracts, and other supplier information is accurate and reliable. The development of an ongoing due diligence system and regular auditing of suppliers are recommended best practices to minimize risk. These audits should not only validate geolocation data but also evaluate whether suppliers are consistently meeting EUDR standards.

After conducting thorough audits, it is critical for companies to properly manage and retain compliance documents. Let's explore best practices for reviewing and storing these important records to ensure audit readiness and long-term compliance.

Reviewing and storing compliance documents

Proper documentation and storage are not only crucial for compliance but also serve as a safeguard against legal risks.

Under EUDR, companies are required to maintain extensive records to prove that their products are deforestation-free and comply with the legal requirements.

Key requirements for document retention

- **Retention Period:** All documents, including contracts, invoices, certifications, and geolocation data, must be kept for at least five years. This requirement applies to compliance checks and potential audits conducted by regulatory authorities, ensuring that all supply chain activities can be audited and traced if needed. Geolocation data, in particular, must be stored for the same five-year period to ensure that sourcing decisions can be verified at any time.
- **Document Types:** Companies should maintain comprehensive records that include product descriptions, trade names, scientific species names, and all transactions within the supply chain. Supporting documents such as shipping records, customs forms, and tax receipts are crucial in demonstrating compliance with EUDR standards. It is recommended that both physical and digital records be kept to meet EUDR requirements and facilitate audit readiness.

Best practices for document management

- **Digital Storage Systems:** Using digital document management systems can enhance document integrity and ensure that all records are easily accessible during regulatory inspections.
- **Periodic Internal Reviews:** Conducting regular internal reviews and updates to the documentation helps maintain compliance and ensures that records meet the latest EUDR requirements. Such reviews ensure that the latest updates to EUDR standards are integrated into the documentation process, reducing the risk of non-compliance.

By implementing robust auditing, verification, and documentation practices, companies can protect themselves against potential non-compliance risks and contribute to the broader goal of reducing global deforestation.

SECTION 06

EUDR compliance with TradeAware and CMS

The TradeAware solution provides advanced monitoring and helps companies meet their due diligence obligations under the EUDR.

The partnership between CMS and LiveEO represents a comprehensive approach to EUDR compliance. By integrating legal expertise from CMS with the technological capabilities of LiveEO, companies can navigate complex regulatory requirements more efficiently and effectively.

Introduction to CMS

CMS is a leading global legal firm with extensive experience in environmental regulations, including the EUDR. With over 7,400 lawyers across multiple countries, CMS offers a robust support network to guide companies through their compliance challenges.

Their work focuses on ensuring businesses are ready for the upcoming changes brought by the EUDR.

Key services of CMS:

- **Supplier Checks:** CMS reviews suppliers on their EUDR-compliance. This includes the assessment of documents and answers provided by suppliers, categorize suppliers into several risk categories and recommendations for action.
- **Legal Training:** CMS provides webinars and client sessions to help companies understand their obligations and how to implement them effectively.
- **Compliance Advisory:** CMS advises companies on adapting their existing processes to meet EUDR standards.
- **Regulatory Monitoring:** CMS keeps companies informed about the latest EUDR developments and supports the implementation of regulatory updates, guidance, FAQs, benchmarking decisions and evolving compliance requirements.
- **Due Diligence Implementation:** CMS supports businesses in implementing effective due diligence processes that align with EUDR requirements.

LiveEO's partnership with CMS – overview

The collaboration between LiveEO and CMS combines advanced satellite monitoring capabilities with strong legal compliance tools. This partnership allows companies to efficiently manage the due diligence process required by the EUDR from end-to-end.

What TradeAware offers:

- **Geospatial Monitoring:** Through LiveEO's satellite technology, TradeAware provides real-time geospatial data, which helps verify the deforestation status of production areas. This ensures that commodities comply with EUDR's deforestation-free requirement.
- **Legal Compliance Layer:** CMS enhances the capability of TradeAware by conducting thorough legal reviews that ensure due diligence obligations are correctly adhered to. Drawing on extensive experience, CMS evaluates compliance with EUDR requirements, including information gathering, risk assessment, and risk mitigation. As part of the partnership with TradeAware, their services also involve assessing existing compliance strategies and recommending further actions where necessary. This legal support complements TradeAware's platform, helping businesses streamline their processes to efficiently meet EUDR standards.
- **Streamlined Compliance Process:** TradeAware offers a user-friendly platform where businesses can upload geolocation data, assign suppliers to provide necessary documents, and generate compliance-ready DDS. This system also allows companies to perform additional checks on samples of due diligence data, adding an extra layer of verification.

This integrated solution not only makes it easier for companies to comply with EUDR but also offers a streamlined process for ongoing monitoring and verification.

The combination of CMS's legal expertise and LiveEO's technology positions TradeAware as a comprehensive compliance solution that addresses both legal and operational needs for managing deforestation risks effectively.

NEXT STEP

Ready to ensure your supply chain is EUDR compliant? Contact LiveEO and CMS today to learn how TradeAware can simplify your compliance process and optimize your compliance to secure your market position in the EU.

SECTION 07

Conclusions and next steps

The EUDR presents a significant shift in how businesses must manage their supply chains, especially with its rigorous demands for transparency and due diligence.

While these challenges may seem daunting at first, they also present an opportunity for companies to strengthen their market position and build trust with their customers and partners.

By integrating robust due diligence processes, monitoring tools, and legal audits, your organization can not only ensure compliance but also become a leader in responsible sourcing. The key is to be proactive—aligning your supply chain practices now will help you avoid penalties, maintain market access, and contribute to the global effort to combat deforestation.

Through the collaboration between CMS and LiveEO, the TradeAware solution provides both the technological support and legal expertise you need to navigate these new regulations confidently. With real-time satellite monitoring and comprehensive legal guidance, TradeAware simplifies the compliance process, allowing you to focus on what you do best—growing your business.

Compliance with the EUDR isn't just about meeting a deadline; it's about creating a more sustainable future for both your company and the planet. Taking these steps today ensures you'll be ahead of the curve tomorrow.

GET IN TOUCH

Ready to protect your business and secure your place in the EU market? Contact us for a consultation, and let's make EUDR compliance an achievable goal for your company.

Learn more: **live-eo.com**

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This guide is provided for informational purposes only and does not constitute legal advice. It reflects the state of the EU Deforestation Regulation and related guidance at the time of publication and may not account for subsequent amendments or national implementing measures. Companies should seek advice on their specific circumstances before relying on any of the practices described herein.