E-BOOK

EUDR SUPPLY CHAIN PROCESS FLOW

(Operators & Traders)

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Traceability technologies for a better world

E-BOOK

EUDR SUPPLY CHAIN PROCESS FLOW

The goal of this guide is to simplify the EUDR compliance process, focusing specifically on the **supply chain process flows for operators and traders**. Here, you will find practical steps and decision points to guide your company through the requirements of the EUDR.

The EUDR Compliance Workflow – Operator and Trader Use Cases

Before going into the steps, it is important to understand the two main categories under EUDR compliance: **Operators** and **Traders**. Each has specific responsibilities under the regulation and follows a distinct process flow.

Operators are companies that import or produce regulated products within the EU. They are responsible for gathering due diligence data if no Due Diligence Statement (DDS) reference number is available from suppliers. This often involves gathering information from upstream suppliers, particularly around geolocation data and legality assessments.

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Traders, on the other hand, are typically handling products that are already compliant, as their suppliers have provided a valid DDS reference. Traders are primarily responsible for verifying the DDS, ensuring it remains valid, and conducting periodic checks.

PROCESS FLOW FOR OPERATORS

STEP 1

Data Capture and Geolocation Collection

STEP 2

Deforestation Detection and Risk Analysis

STEP 3

Legality Verification Using EU Country Benchmarks

STEP 4

Due Diligence Statement (DDS) Generation

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Step 1: Data Capture and Geolocation Collection

For operators working with suppliers without an existing DDS reference number, the initial step in EUDR compliance involves collecting detailed **geolocation data**. This data pinpoints the production location of the commodities and ensures traceability to specific plots of land.

Geolocation Requirements:

- For plots of land larger than 4 hectares, the regulation requires operators to use polygons (multi-point geolocation) that outline the entire plot. For plots under 4 hectares, a single point latitude/longitude can suffice.
- This data can be collected from suppliers directly, or if unavailable, operators may need to work with mapping tools to gather data for large plots.

Outreach Campaigns:

- Operators can use campaign tools to engage suppliers and request necessary geolocation data. It's often helpful to establish clear guidelines for data collection with suppliers, specifying the format (such as GeoJSON for compatibility) and necessary precision (six decimal places for latitude and longitude).
- Use tools or platforms that facilitate communication and data collection, especially when working with international suppliers. Consistent follow-up and providing an outline of the required data help ensure compliance without unnecessary delays.

Step 2: Deforestation Detection and Risk Analysis

After collecting the geolocation data, the next step is assessing the risk of deforestation associated with these locations. The platform will analyze the location using **satellite imagery** and environmental databases to detect any deforestation risks.

Satellite Analysis:

- Through partnerships with satellite imagery providers, a platform such as Optchain assesses the geolocation data. This step uses remote sensing to identify changes in forest cover, distinguishing between deforested, forest-degraded, and compliant plots.

Risk Categorization:

- If the analysis shows a **negligible risk** of deforestation, the process can move forward to legality verification. However, if deforestation or degradation is detected, the system will flag this as a heightened risk, requiring further action.
- Operators should document this analysis and archive findings to reference in future audits or compliance checks.

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Step 3: Legality Verification Using EU Country Benchmarks

Legality is another component of EUDR compliance. After the initial deforestation risk assessment, operators must ensure the commodities' production is legally compliant with EU and local laws.

Country Benchmarking and Database Checks:

- The EU has established a country benchmark system that rates regions on compliance risks. This benchmarking can help determine if the sourcing location aligns with legal requirements, such as permits and environmental protections.
- Operators should consult the country benchmark and use public or EU-provided databases to verify if any compliance issues are flagged for their suppliers' locations.

Legality Assessment Indicators:

- Common indicators of legality include land rights, environmental permits, and local adherence to EU-defined standards.
- The legality check is essential to progress to the next step, as operators can only generate a DDS if both deforestation and legality assessments are satisfactory.

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Step 4: Due Diligence Statement (DDS) Generation

Once deforestation and legality checks yield negligible risks, operators are ready to produce the Due Diligence Statement (DDS). This document is central to EUDR compliance and includes all data verifying that the product is free from deforestation and legally sourced.

DDS Content and Requirements:

- The DDS should contain the supplier's geolocation data, the results of deforestation and legality risk assessments, and any supporting documentation used in risk verification.
- If there was any heightened risk that required mitigation (e.g., additional documents or corrective actions), this should be documented in the DDS as well.

Additional Verification (SAQs):

- If flagged as a risk, operators may send **Self-Assessment Questionnaires** (SAQs) to suppliers to verify compliance. These SAQs, developed in collaboration with compliance partners, cover additional risk indicators and help gather further details to clarify supplier compliance.

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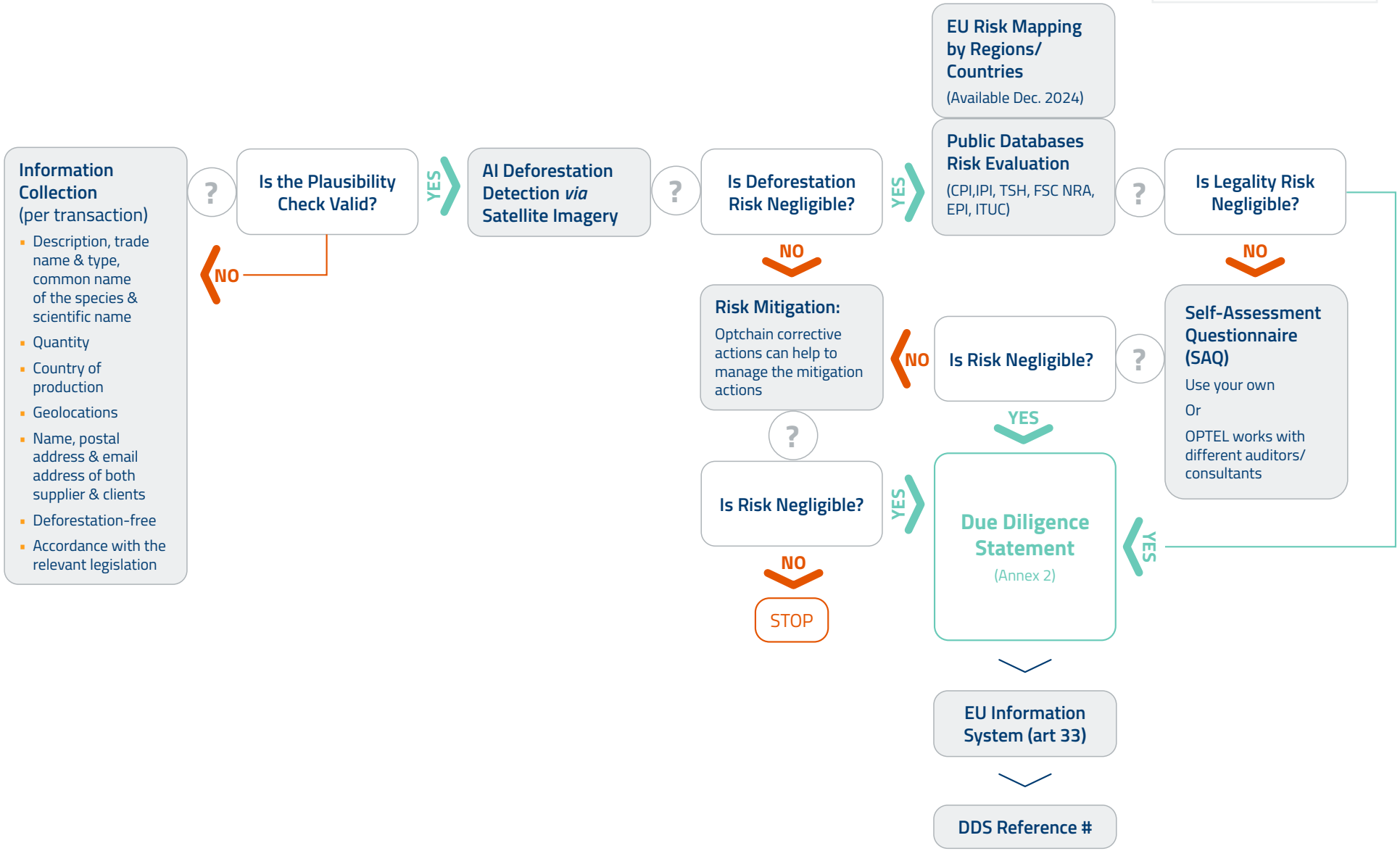
OPERATOR USE CASE (NO DDS REFERENCE #)

- DD obligation
- Submits DD statement
- Receives DD statement reference number



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THE APPROACH

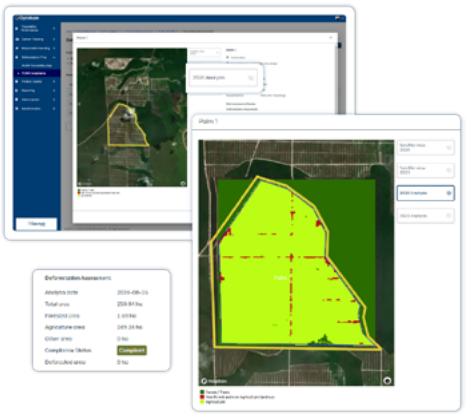
Optchain™

Auditors

Legality, audits, data authenticity, risk assessment and ground truthing

Satellite Monitoring of Deforestation

API interface receiving specific requests on geographical coordinates



Optchain Traceability Data Capture

- Supply chain mapping and traceability
- Collect geographic coordinates of the land plots
- Mobile, GPS, Web, API integration
- Traceability system able to link batch/lot of commodity produced to harvesting geographical coordinates/ farm plot

Optchain for Compliance

- Data Visualization
- Risk Assessment
- Corrective Actions
- Compliance Reporting

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PROCESS FLOW FOR TRADERS

STEP 1

Receiving and Verifying DDS Reference Numbers

STEP 2

Optional Deforestation Check

STEP 3

Automating Compliance with Advanced Digital Integration

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Step 1: Receiving and Verifying DDS Reference Numbers

For traders who purchase products with an existing DDS, the main responsibility is ensuring that this DDS is valid and covers all regulatory requirements.

Annual Verification Requirement:

- Unlike operators, traders are not required to validate DDS compliance with every transaction. Instead, a single annual validation is typically sufficient to meet EUDR requirements.

Using the EU Portal:

- Traders can validate DDS references by querying the EU portal. This verification ensures that the supplier's DDS remains active and that no compliance issues have arisen.
- If a supplier has enabled public geolocation access, traders can conduct an additional deforestation check to enhance verification. However, this step is optional unless flagged as high-risk.

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Step 2: Optional Deforestation Check

Traders have the option to conduct deforestation checks if the supplier's geolocation data is publicly accessible. If it is set to private, this step can be bypassed, with responsibility for geolocation compliance resting solely on the supplier.

Public *vs.* Private Geolocation Data:

- If public, traders may use tools on the platform to verify compliance.
- If private, traders should note that limitations in public access to geolocation data restricts this option; hence, they may rely on the supplier's DDS validity instead.

Step 3: Automating Compliance with Advanced Digital Integration

Large-scale clients may opt to automate DDS verification through Electronic Data Interchange (EDI) systems, enhancing data flow between suppliers and compliance platforms.

Integration with GS1 and EDI for DDS Automation:

- The GS1 Europe standard facilitates tracking DDS reference numbers alongside dispatch notifications. This helps DDS verification for automated compliance, integrating directly with client ERP systems for seamless DDS processing.

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TRADER USE CASE (DDS REFERENCE # AVAILABLE)

- DD Check obligation
- Submits DD statement based on previous reference number
- Receives DD statement reference number

Information Collection

- Verify the due diligence reference number for the specific batch or shipment
- Access all due diligence documents linked to the reference number, including origin, legal compliance and no deforestation evidence

Optional

(If supplier geolocation available)

AI deforestation detection via satellite imagery

Self-Assessment Questionnaire (SAQ)

Evaluation of the supplier's EUDR maturity and due diligence process

(Criterias, e.g. SMETA)

?

Direct Supplier Risk Assessment.

Is Risk Negligible?

YES

NO

Risk mitigation:

Optchain corrective actions can help to manage the mitigation actions

?

Is Risk Negligible?

YES

NO

STOP

Due Diligence Statement

(Annex 2)

EU Information System (art 33)

DDS Reference #

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EUDR COMPLIANCE WITH OPTCHAIN

EUDR compliance can be complex, but Optchain makes it straightforward. Our platform provides an end-to-end solution for all stakeholders, from operators and traders to exporters and harvesters.

Optchain ensures full traceability through:

- Inbound and Outbound Supply Chain Mapping: Capturing EUDR-compliant data at every supply chain tier, from geolocation data to production records.
- AI-Driven Risk Assessment: Monitoring deforestation and legality risks using satellite imagery and EU country benchmarks.
- Automated DDS Management: Direct integration with the EU Due Diligence Registry for streamlined, accurate compliance reporting.

With Optchain, you gain an efficient, compliant supply chain from origin to final product—ensuring transparency, reducing risk, and simplifying your EUDR journey.

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