

EUDR key targets, deadlines and Lecta status

Main target

The European Union Deforestation Regulation (EUDR no. 1115/2023) aims to combat deforestation and forest degradation by regulating the import and trade of certain commodities linked to deforestation. The EUDR establishes strict due diligence requirements for businesses involved in producing, trading, or using products tied to deforestation. It focuses on ensuring that supply chains of goods entering or circulating within the EU are free from deforestation.

Scope

The scope of the EUDR includes commodities such as Cattle, Palm oil, Soy, Coffee, Cocoa, Rubber, and Wood, and relevant products that contain them (Annex I EUDR no. 1115/2023).

The regulation applies to EU-based companies who import, produce, trade, and export these relevant products.

Transparency and Due Diligence System

Companies must have due diligence procedures to ensure that imported, produced, traded, and exported products are deforestation-free. This involves tracing the supply chain and verifying that no deforestation or forest degradation has taken place after the 31st of December 2020. (1)

European companies must ensure that the products are deforestation-free and can be traced back to the plots of land. Likewise, companies must conduct risk assessments and provide information to their customers and authorities, ensuring compliance with the EUDR.

EUDR Status

On December 23, 2024, Regulation No. 2024/3234 (2) was published in the Official Journal of the European Union with final approval of the 12-month extension for the full application of the EUDR regulation proposed by the European Commission on October 2, 2024. This publication extends the articles that include the obligation to submit due diligence declarations on the TRACES NT platform until December 30, 2025 for large companies and until June 30, 2026 for small and medium-sized companies.

The Commission has also pledged to publish the country classification by June 30, 2026 at the latest. It has also committed to publish a new updated FAQ (current version: October 3, 2024 (3)) as well as the guidance document for the implementation of the EUDR (current version: October 3, 2024 (4)).

Lecta Status

Meanwhile, Lecta will continue to work on its alignment to the regulation's goals by advancing IT projects, and verifying pulp suppliers even as timelines may shift.



Pursuant to the EUDR, Lecta operates in four different roles: operator, intermediary operator, trader, and exporter. Lecta's task force on sustainability is working hard to implement the appropriate internal protocols and information systems to meet the requirements of the regulation, for both customers and suppliers. Together with our suppliers, we are working to carry out the relevant risk assessment (even when the list of risk categories of harvest countries is yet to be published by the EU Commission).

We are also collaborating with the Confederation of European Paper Industries (CEPI) and other stakeholders, like the rest of the industries affected by this new regulation. Tests have been conducted in the EU Traces test platform, and the functionality of the APIs has been tested with our IT systems.

Our company is firmly committed to sustainability, working continuously on improvements and protocols focused on creating a more sustainable world.

Regarding the transition period starting December 30, 2024, Lecta, in accordance with the definition of "produced" included in Article 2, point 12, will apply the EUDR as of December 30, 2025, to all imported products and for timber harvested and placed on the market as of that date. However, for products processed before or processed with materials imported or used before December 30, 2025, Lecta will apply the EUTR.

- (1) <u>New York Declaration on Forests Halving the loss of natural forest by 2020,</u> striving to end it by 2030 | UNFCCC
- (2) Regulation (EU) 2024/3234 of the European Parliament and of the Council of 19 December 2024 amending Regulation (EU) 2023/1115 as regards provisions relating to the date of application
- (3) Third edition of FAQs
- (4) <u>COMMISSION NOTICE GUIDANCE DOCUMENT for Regulation (EU)</u> 2023/1115 on deforestation-free products

More information on Lecta's commitment to sustainability is available at <u>lecta.com</u>