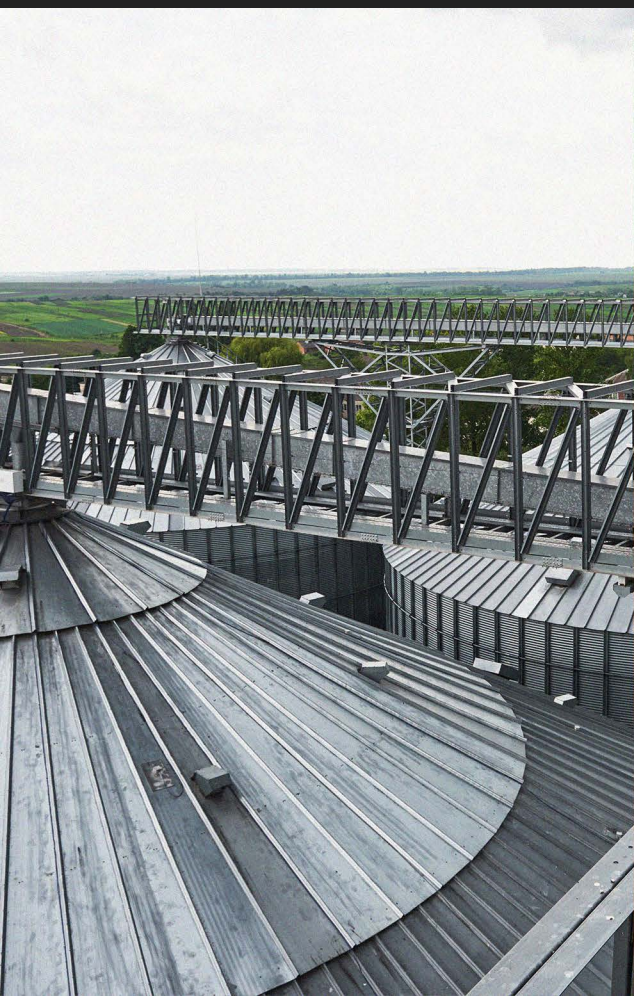


Decision Trees: Leveraging the Altana Atlas for EU Deforestation Regulation Compliance

Since June 2023, the European Union Deforestation Regulation (EUDR) has been an important turning point in the global fight against deforestation. With stringent traceability requirements, the law requires importers of key agricultural and other forest products to understand their multi-tier supply chains from raw material to finished product.

Read on to see how the [Altana Atlas](#) is helping firms stay compliant with this and other laws that require traceability.



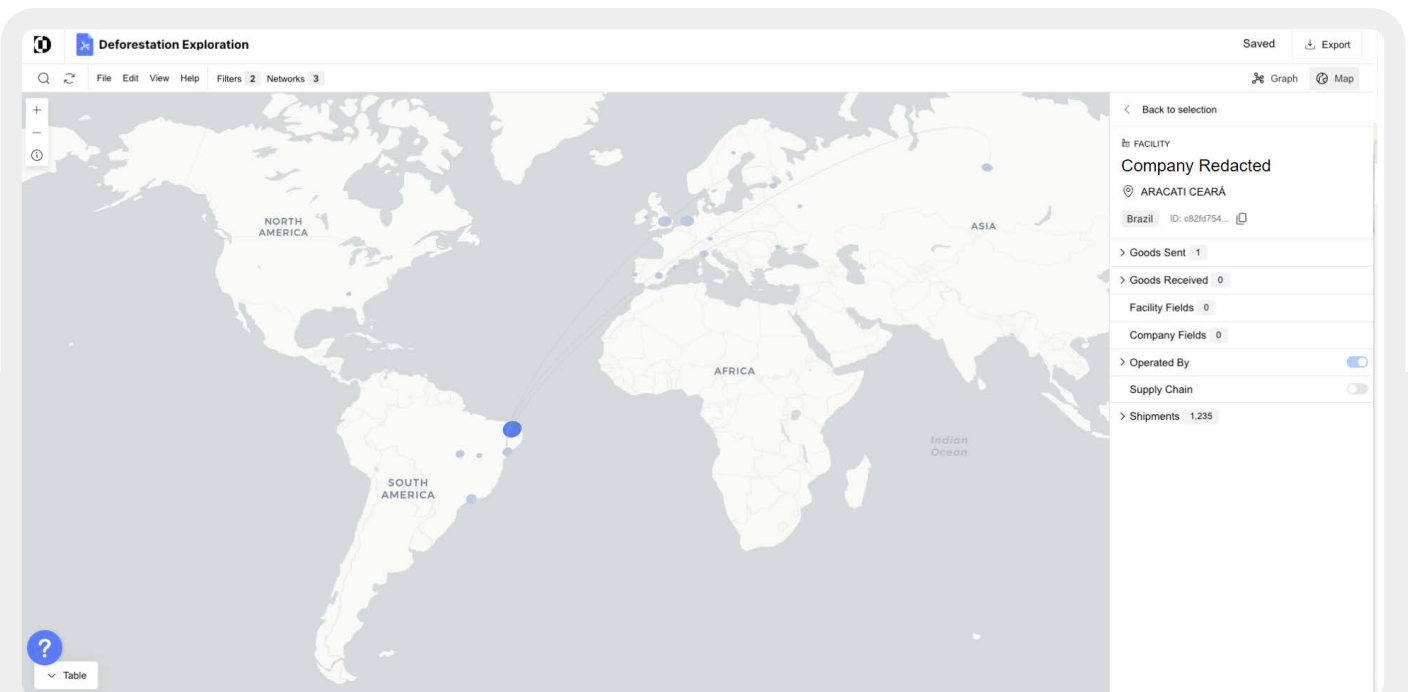
Understanding the EU Deforestation Regulation

The European Union Deforestation Regulation (EUDR) came into force on June 29, 2023. This regulation is a substantial step in the EU's commitment to environmental sustainability, as well as an important requirement for multi-tier supply chain visibility. Targeting a range of commodities and their derivatives, the regulation imposes rigorous due diligence and compliance requirements on businesses to ensure that their sourcing or production do not contribute to deforestation, forest degradation, or breach of local environmental laws.

This case study explores how the Altana Atlas, the only dynamic, AI-powered map of the global supply chain, is assisting EU and international companies in meeting these challenges.

Forest Products Fuel the Modern Economy—And Also Climate Change

Products ranging from rubber to soy, coffee to bacon, leather to palm oil, glycerol to eggs, construction-grade timber to book pages—all these globally-exchanged goods are derived from forested lands or land that once supported forest. They, and their tens of thousands of derivative goods, play an integral role in today's global food system and trade economy. Yet when forests are cleared, or even disturbed, they release carbon dioxide and other greenhouse gasses. Forest loss and damage causes global warming. There's simply no way we can fight the climate crisis if we don't stop deforestation. It is with this balance in mind that the EUDR attempts to curb the pace of deforestation and push companies to take ownership of the full effects of their multi-tier supply chain.



Using the Atlas, firms can understand the geographic footprint of their own global supply chains, helping them tailor risk decisions by geography.

What Is Required Under the EUDR?

On December 30, 2024, [the EUDR](#) will prohibit the import into the EU of cattle, cocoa, coffee, palm oil, rubber, soya, and wood, as well as certain goods derived from those products, if their harvesting or production has contributed to deforestation after December 31, 2020. Companies will be required to collect, analyze, and report on large quantities of detailed data and information to ensure that all products placed in, made available in, or exported from the EU are:

- ▶ **Deforestation-free**
- ▶ **Produced in accordance with the relevant legislation of the country of production**
- ▶ **Covered by a due diligence statement**

How Does the EUDR Define Deforestation?

‘Deforestation’ means the conversion of forest to agricultural use, whether human-induced or not. ‘Deforestation-free’ means that the relevant products contain, or have been made using relevant commodities that were produced on land that has not been subject to deforestation. In the case of relevant products that contain or have been made using timber, the regulations require that the timber has been harvested from the forest without inducing forest degradation.

Who Must Comply?

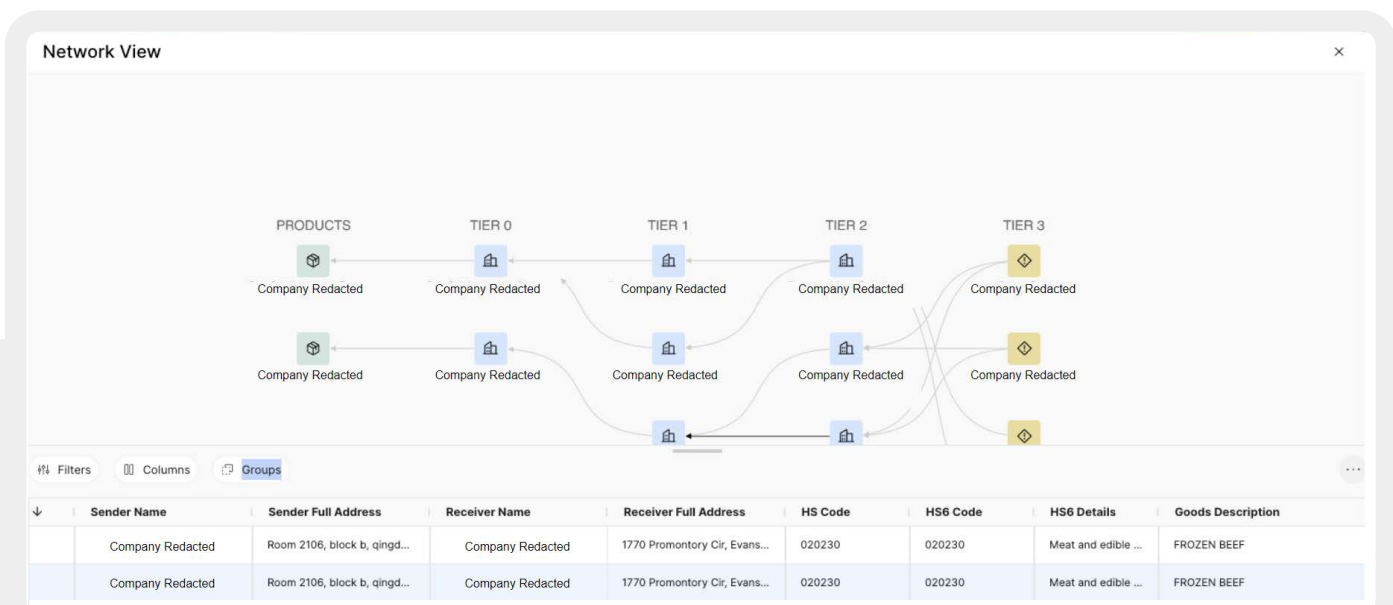
All companies that place the previously-listed commodities on the EU market are subject to the EUDR, though small- and medium-sized enterprises (SMEs, defined as those with fewer than 250 employees and less than €43 million on their balance sheets), are subject to more limited due diligence requirements. SMEs also have an extended grace period to comply with the requirements of the EUDR, ending June 30, 2025.



What Do Companies Need to Report About Their Extended Supply Chains?

The EUDR establishes an unprecedented standard of due diligence for companies that want to do business in the EU. Among other requirements, the regulation will require firms to:

- ▶ Achieve multi-tier supply chain visibility, from raw materials to finished goods, of every product imported into the European Union. Firms must be able to relate raw materials to their relevant value chain—that is, the final products into which they are integrated—and report this information to regulators on request.
- ▶ Collect, monitor and keep records (for five years) on all the affected or potentially affected goods in their multi-tier supply chain. Simply put, the law requires companies to understand each supplier at every level in their value chain of goods.
- ▶ Collaborate with downstream suppliers in order to prevent the incorporation of deforestation-derived goods. All data and information, including detailed risk assessment reports, must be presented to EU authorities on a regular basis in easy-to-digest formats.



The Atlas resolves terabytes of trade data into detailed, goods-level value chains, allowing firms to see how their specific products intersect with risky activities such as deforestation.



What Are the Penalties?

Noncompliance with the EUDR can include fines which can total four percent of the non-compliant business' annual EU-wide turnover in the previous financial year. Penalties can vary by EU member state, but are required to be "effective, proportionate, and dissuasive," and can also include:

- ▶ Prohibition from selling on the EU market
- ▶ Confiscation of relevant products
- ▶ Exclusion from public procurement and access to public funding

What Firms Need to Know to Comply With the EUDR—And How Altana Can Help

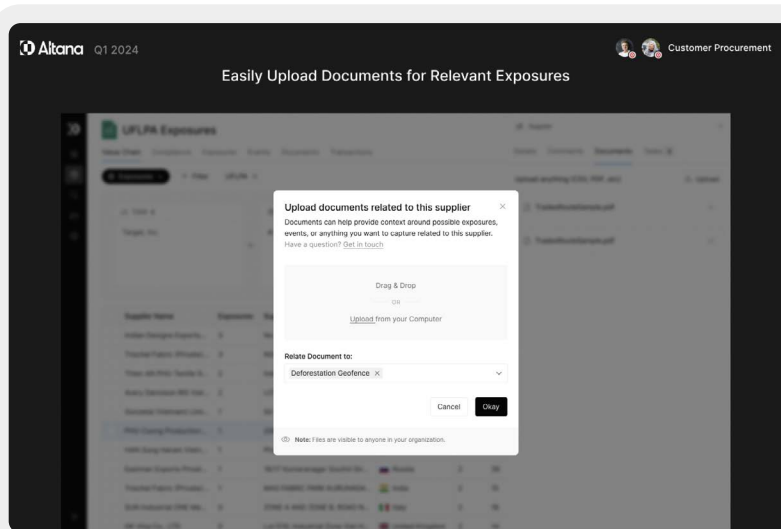
The EUDR is one of a series of new regulations that demand full supply chain traceability. For importers of products covered under the regulations, they must now maintain complete insight into their multi-tier supply chain. But [with fewer than two percent of CEOs understanding](#) their multi-tier supply chain, very few companies can pull this off without help. Surveying is slow, expensive, and inaccurate. Data-assisted mapping, using publicly available data, results in static, inaccurate artifacts. More importantly, these mapping techniques do not interoperate with one another. Buyers and suppliers, the regulators and the regulated—no one has a shared source of truth.

This is why Altana built the Atlas, the only dynamic, intelligent map of the global supply chain. Using the computational power of artificial intelligence and large language models, the Atlas provides a bottoms-up view across more than 500 million companies, connected by nearly 3 billion shipments of goods, providing enterprises, governments, and logistics companies with a shared model of the global commerce.

Connect to the Only Dynamic Map of the Global Supply Chain—Seamlessly and Securely

Altana's Atlas integrates public and private data with a customer's proprietary data to create a holistic view of a multi-tier supply chain. Altana brings a dedicated copy of the Altana Atlas directly to customer data, and not the other way around. Multi-tier visibility is achieved through a federated learning ("hub-and-spoke") architecture, where the Atlas is able to connect to and learn from the world's non-public, siloed supply chain, shipping, and B2B data at scale. This ensures that the Altana Atlas is the largest, most comprehensive, and most up to date picture of the supply chain available, anywhere.

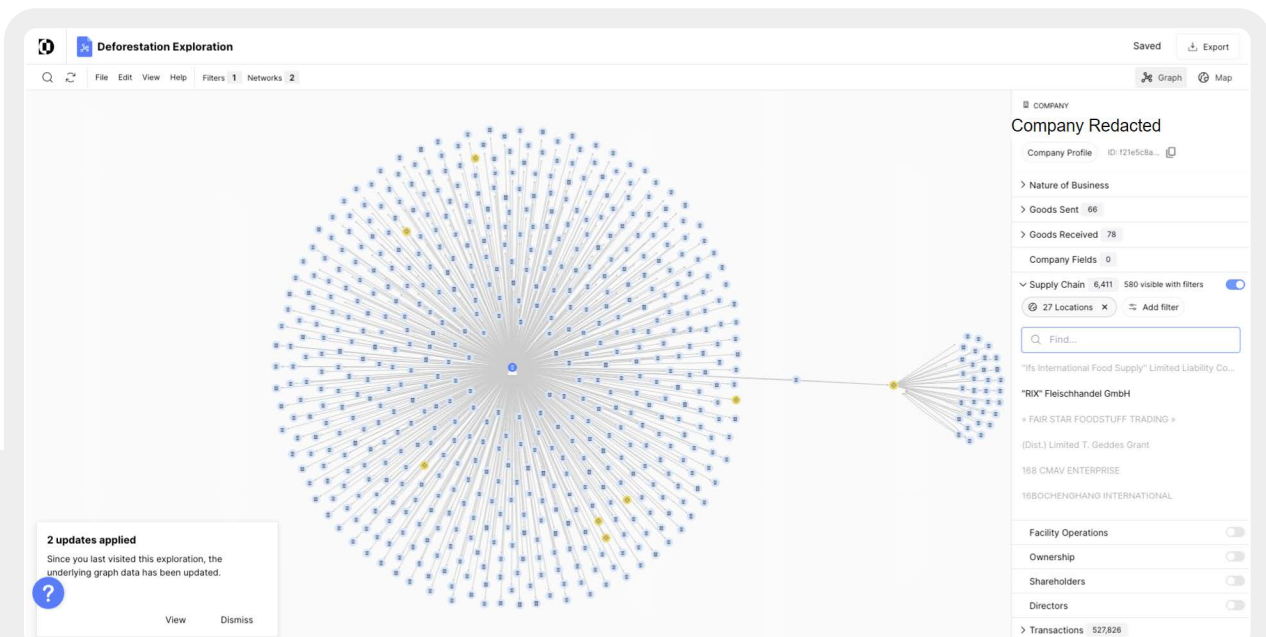
In the case of the EUDR, the Atlas assesses the risks associated with deforestation and forest degradation and builds real-time monitoring and reporting around each variable. This enables ongoing supervision by all parties within a supply chain and provides the needed documentation and reporting required under Article 9 of the EUDR.



The Atlas provides users with document storage and retrieval capabilities, allowing them to understand, and report on, their supply chain over time.

For both regulators and private firms, the Altana Atlas can provide unmatched visibility into global supply chains at the level of granularity and breadth required by the new regulation. For example, the Atlas can highlight how a major multinational leather and animal products provider's supply chain intersects with likely deforestation risk at the level of individual shipments, allowing counterparties to understand and insulate themselves against risk.

The Atlas also helps unify a company's internal understandings. Sourcing, procurement, compliance, proactive risk management—these disparate functions have responsibilities across the supply chain yet often operate in siloed, disconnected systems. The Atlas brings them under one source of data. The below graphic shows how customers can filter their supply chain by such markers as commodities, geographies, and the revenue connections that drive their bottom line.



The Atlas allows for n-tier buildouts of supply chains, helping firms and governments discover linkages from consumer markets back to original source jurisdictions. Here, the supply chain for a large multinational agricultural products exporter shows shipments from Brazil moving into Europe via intermediaries.

Collaborate With Your Supply Chain and Move From Knowledge to Action

One of the key provisions of the EUDR requires companies to submit a risk assessment of their supply chains as it relates to deforestation. This has far-reaching impacts on a company's operations and bottom line. If a single commodity violates the EUDR a company may have to reassess huge portions of how it builds and/or sells goods. The Atlas not only searches for at-risk goods with regard to deforestation but can assess other risks such as natural disasters or the stability of the economy.

Recent advances in artificial intelligence, large language models, federated learning, and easy-to-use graphic interfaces are what bring the Atlas to life. It can distill the key nodes in a network of goods which allows trade professionals to go beyond just checking regulatory boxes. Now they and the executive team can achieve a nuanced, defensible understanding of the origin of all materials in their multi-tier supply chain and ensure they and their partners do not run afoul of the EUDR or any other pieces of emerging international legislation.



To learn more about bringing AI-powered visibility of your multi-tier supply chains to your business, [*get in touch.*](#)

