

# WEDNESDAY

MAY 21, 2025

**INNOVATING** FOR  
FORESTS AND COMMUNITIES

## FORESTS IN 4D: DUE DILIGENCE, DEFORESTATION, AND DEGRADATION



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SFI SHARES THE EUDR VISION, AND THAT OF  
MANY OTHERS, IN...

# AVOIDING DEFORESTATION AND DEGRADATION IN THE FOREST SUPPLY CHAIN

However, we think they are going about  
this in a manner that doesn't focus on risk  
and causes a lot of bureaucracy.



# EUDR OVERVIEW

- Designed to tackle deforestation and forest degradation by regulating commodities placed on the EU market.
- Requires that products may be placed on the market only if they
  1. Are deforestation-free,
  2. Have been produced in accordance with the relevant legislation of the country of production, and
  3. Are covered by a due diligence statement
- Requires tracing back to the plot of land where the product originated before making it available or placing it on the market.



# EU DEFORESTATION AND FOREST DEGRADATION REGULATION



On December 23, 2024, the EU co-legislators (the European Parliament, EU member countries, European Commission) published the final EUDR arrangement:

- EUDR rules will apply starting December 30, 2025 (12-month delay).
- They will explore further clarifications and explore additional simplifications and streamline reporting and documentation obligations. This includes an updated edition of the Guidelines and Frequently Asked Questions.
- The Information System and the risk classification will be available no later than June 30, 2025.
- By June 30, 2028, the Commission will conduct an impact assessment to determine how to simplify and reduce the administrative burden. This analysis may include recommendations on reduced requirements when sourcing from countries that have achieved positive results in line with the objectives of the Regulation.



# EUDR OVERVIEW: HOW CERTIFICATION IS ADDRESSED

SFI certification can be used to help operators with their own due diligence – but additional information may be required to fully align.

Voluntary certification standards (SFI, FSC, PEFC) are not granted green lane status, but EC sees voluntary certification as “good practice.”

*“In order to recognize good practice, certification or other third party verified schemes could be used in the risk assessment procedure, however, they should not substitute the operator’s responsibility as regards due diligence.”*



**Operators may utilize certification to support compliance but operator must take full responsibility for what they place on the market.**

# SFI ALIGNMENT ON KEY TOPICS

## LEGALITY

## DEFORESTATION & DEGRADATION

## DUE DILIGENCE

- SFI-certified organizations source 99% of their fiber from the United States and Canada where the threat of deforestation is not a risk.
- The other 1% comes from fiber that is certified to either the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).



# DEFORESTATION and Forest Degradation ALIGNMENT

Last year SFI introduced two new definitions:

## DEFORESTATION:

*“The conversion of forest land to non-forest land use.”*

(Based on the IPCC definition)



## FOREST DEGRADATION:

*“Direct human impacts to forest landscapes, which result in [an enduring reduction in] / [reduced capacity to provide] ecosystem services.”*

(Based on the Canadian Council of Forest Ministers definition)

**GUIDANCE WAS ALSO ADOPTED TO DEMONSTRATE HOW THE SFI FOREST MANAGEMENT STANDARD PREVENTS DEFORESTATION AND FOREST DEGRADATION**

# CUT-OFF DATE BOARD POLICY ON DEFORESTATION AND FOREST DEGRADATION

Since 2015 the SFI Forest Management Standard prohibits deforestation and forest degradation through multiple requirements in the Standard.

**The SFI Board reconfirmed its commitment to no deforestation and no forest degradation on March 20, 2024, by explicitly prohibiting certification to the SFI 2022 Forest Management Standard on lands that are deforested and on practices that are causing forest degradation after December 31, 2020.**

In the spirit of rehabilitating degraded lands and/or non-forest lands to sustainably managed forests, certification to the SFI 2022 Forest Management Standard is allowed, as long as the current SFI certified organization did not cause the deforestation, and is rehabilitating the lands, and is meeting the requirements of the SFI 2022 Forest Management Standard.



# SFI'S DILIGENCE SYSTEM TO ASSESS RISK IN THE SFI FIBER SOURCING AND SFI COC STANDARDS

- **ACCESS TO INFORMATION** - collecting appropriate information to conduct a risk assessment on the source of the forest-based product.
- **CONDUCTING A RISK ASSESSMENT** – using the collected information to conduct an assessment to determine low or high risk of sourcing from controversial sources.
- **DEALING WITH SUBSTANTIATED CONCERNS** – when presented with credible evidence about a supplier this is used in the risk assessment.
- **MANAGEMENT OF HIGH-RISK SUPPLIERS** – for fiber assessed as being from a high-risk region the company must implement a program to mitigate the risk that is from controversial sources.
- **AVOIDANCE OF CONTROVERSIAL SOURCES** – if the mitigation program is not considered to be effective in reducing the risk of receiving fiber from controversial sources to low, fiber from these sources shall be avoided.



# SFI FIBER SOURCING AND SFI COC STANDARDS ENHANCED WITH SUPPLEMENTAL REQUIREMENTS IN THE SFI FIBER SOURCING AND SFI COC MODULES TO SUPPORT EUDR COMPLIANCE

- SFI developed an optional module for companies certified to the SFI Fiber Sourcing Standard and SFI Chain of Custody Standard to align with EUDR's due diligence requirements.
- The module will be optional for organizations that sell into the EU or that have customers requesting EUDR compliance.
- Optional modules are a way for SFI to address emerging issues and new opportunities and provide implementation assistance using optional certification requirements to address specific issues of benefit to SFI.

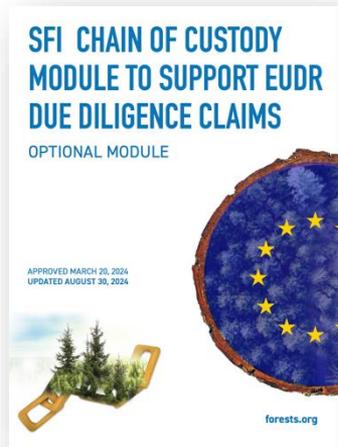


# SFI INTRODUCED



## SFI FIBER SOURCING MODULE TO SUPPORT EUDR DUE DILIGENCE REQUIREMENTS

developed for companies  
certified to the SFI 2022  
Fiber Sourcing Standard



## SFI CHAIN OF CUSTODY MODULE TO SUPPORT EUDR DUE DILIGENCE CLAIMS

for organizations certified  
to the SFI 2022 Chain of  
Custody Standard

Modules were developed to support EUDR's due diligence requirements, the modules integrate EUDR definitions as well as EUDR's due diligence system requirements.

**SFI-CERTIFIED ORGANIZATIONS CAN ADD THESE MODULE TO THE SCOPE OF THEIR EXISTING SFI FIBER SOURCING OR SFI CHAIN OF CUSTODY CERTIFICATIONS.**

# ADDITIONAL REQUIREMENTS FOR THE SFI FIBER SOURCING MODULE

Because this module is specific to EUDR alignment, the module uses the same definitions in the EUDR. The six performance measures are focused on:

1. Collecting and retaining location-specific information.
2. Conducting a risk assessment to evaluate the risk.
3. Communicating substantiated concerns.
4. Mitigating the risk that relevant products are non-compliance.
5. Avoiding EUDR non-compliance.
6. Communicating information on its fiber sourcing due diligence processes.



# CASE STUDIES

- Pilot tested the SFI Module with two organizations certified to the SFI 2022 Fiber Sourcing Standard.
- Evaluated the Module's ability to support EUDR compliance by ensuring fiber is not from illegal sources, deforestation, or forest degradation.
- Identified best practices and provided recommendations to improve Module applicability and alignment with EUDR requirements.



# KEY FINDINGS

- Tailor EUDR implementation based on customer expectations.
- Use the SFI Objective 12 checklist to methodically meet EUDR requirements.
- SFI-certified organizations can build on current fiber risk assessments under the 2022 Fiber Sourcing Standard.
- Ensure risk assessments and mitigation measures are well-researched and documented to meet EUDR's requirement for "conclusive and verifiable information."



# CHALLENGES, SOLUTIONS, AND OPPORTUNITIES

## CHALLENGES:

- Difficulty with geolocation and digital data integration

## SOLUTIONS:

- Partner with geolocation providers that understand your operations

## OPPORTUNITIES:

- Enhance guidance for using the SFI Module – claims and legal compliance



# DOES THE MODULE SUPPORT EUDR COMPLIANCE?

# YES

The case studies conclude that the SFI Module can be used to meet EUDR requirements.



# AVOIDING DEFORESTATION AND DEGRADATION IN THE FOREST SUPPLY CHAIN



MAY 2025

## CASE STUDIES ON USE OF THE SFI FIBER SOURCING MODULE TO SUPPORT EUDR DUE DILIGENCE REQUIREMENTS

On June 29, 2023, the European Union Regulation on Deforestation-free Products (EUDR) entered into force with a current deadline to become compliant on December 30, 2025. The objective of the EUDR is to promote 'deforestation-free' products and reduce the European Union's (EU) impact on global deforestation and forest degradation. Companies selling forest products directly into the EU or supplying companies selling into the EU will need to be ready to provide compliance information on December 30, 2025.

The SFI 2022 Fiber Sourcing Standard has due diligence requirements to assess the risk of sourcing from controversial sources and mitigate risk of legal non-compliance.

On March 20, 2024, the SFI Board approved the SFI Fiber Sourcing Module to Support EUDR Due Diligence Requirements (SFI Module). The SFI Module is intended for companies certified to the SFI 2022 Fiber Sourcing Standard. The module integrates EUDR definitions as well as specific EUDR's due diligence system (DDS) requirements.

Modules enable SFI certified organizations to meet a specific need. SFI certified organizations get a scope extension of their existing audit to the SFI Fiber Sourcing Standard to include these specific EUDR language requirements.

The Module includes six performance measures, which include:

1. Collecting and retaining location-specific information.
2. Conducting a risk assessment to evaluate the risk.
3. Communicating substantiated concerns.
4. Mitigating the risk that relevant products are non-compliance.
5. Avoiding EUDR non-compliance.
6. Communicating information on its fiber sourcing due diligence processes.

To gather real world experience, two organizations certified to the SFI 2022 Fiber Sourcing Standard and located in the southeastern United States volunteered for a pilot project using the SFI Module.

The pilot project case studies utilized a desk audit of the SFI Module to test the applicability of the SFI Module to support EUDR due diligence requirements.





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## SFI IS TAKING A FIRM STANCE AGAINST DEFORESTATION/FOREST DEGRADATION

SFI, along with others worldwide, shares the commitment of ensuring forests remain as healthy and resilient forests. The SFI Forest Management Standard does not allow deforestation and has strong requirements to prevent forest degradation. The SFI Fiber Sourcing and SFI Chain of Custody Standards also have requirements to ensure SFI-certified organizations avoid sourcing from controversial sources, which includes conversion sources originating from regions experiencing forest area decline.

The SFI Forest Management Standard, in place since January 2022, prevents deforestation,

