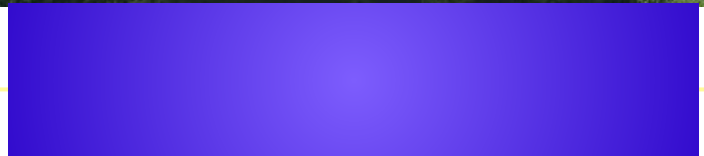


EUDR Partnership:
OpenAtlas & FibreTrace
Information Seminar



OpenAtlas | Introduction to the EUDR

To prevent deforestation and forest degradation through the responsible sourcing of commodities.

Applies to both products produced in the EU and imported .

Overview

The regulation prohibits importing or exporting out of the EU products that:

- **Are not deforestation-free**
- Have not been produced in accordance with the relevant legislation of the country of production
- Are not covered by a due diligence statement

The regulation does not apply to areas deforested before December 31 2020.

Scope

Commodities governed by the legislation include:

- Palm Oil, **Cattle**, Cocoa, **Rubber**, Soy, Coffee Beans, and Timber

This extends to the products' derivatives:

- Meat products, **leather**, chocolate, coffee, palm nuts, palm oil derivatives, glycerol, **natural rubber products**, wood products, pulp and paper, printed books etc.

Enforcement

The proportion of checks performed by relevant enforcement agencies on operators will be according to the country's risk level:

- 9% for high-risk
- **3% for standard-risk**
- 1% for low-risk countries

Potential **fines of up to 4% of the company's EU turnover**, confiscation or exclusion from public funding or contracts.



Starting in Dec 2024, companies that sell goods into the European Union are required to prove that these goods were not grown on land deforested after 31 Dec 2020.

OpenAtlas | What commodities are in-scope?

Seven key commodities are part of this legislation, which impacts multiple industries.



Palm Oil



Wood



Soy



Cattle



Cocoa



Coffee



Rubber

And products derived from these commodities (eg. leather, natural rubber products)



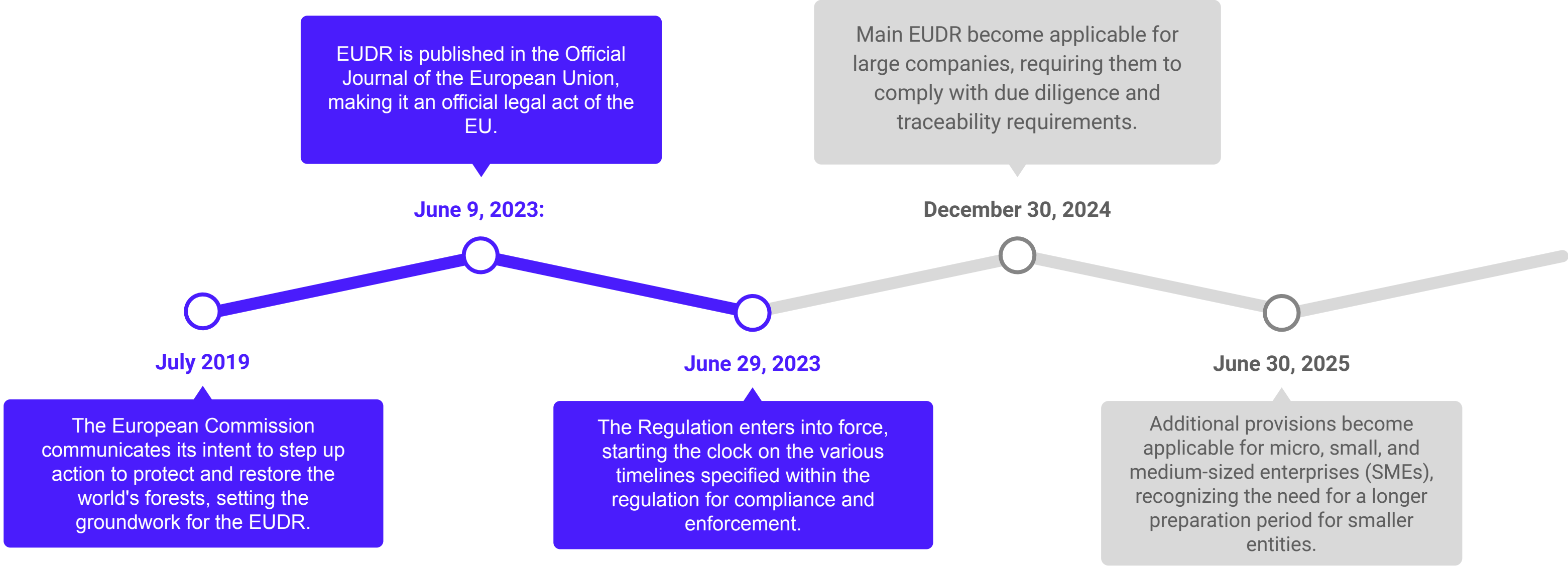
OpenAtlas | Who is obligated to comply with the EUDR?

In-scope operators and traders **of all sizes** have some regulatory obligation



OpenAtlas | Implementation Timeline

Regulation published in June 2023, with an enforcement date EOY 2024.



What does EUDR compliance look like?

Hint: It's complicated, but not impossible to achieve.

OpenAtlas | Traceability and Due Diligence

Ensuring commodities and products associated with deforestation are not placed on the EU market.



Data Gathering

Collect detailed information on commodities, including types, quantities, and production locations.

This includes obtaining geographic coordinates of the plots where commodities were produced.



Risk Assessment

Evaluate the risk of deforestation and legal compliance associated with the sourced commodities.

OpenAtlas assists here by analysing plot-level data against known risks of deforestation and forest degradation.



Risk Mitigation

If risks are identified, operators must take steps to mitigate these risks to a negligible level.

This could involve changing suppliers, sourcing from different locations, or working with suppliers to improve practices .



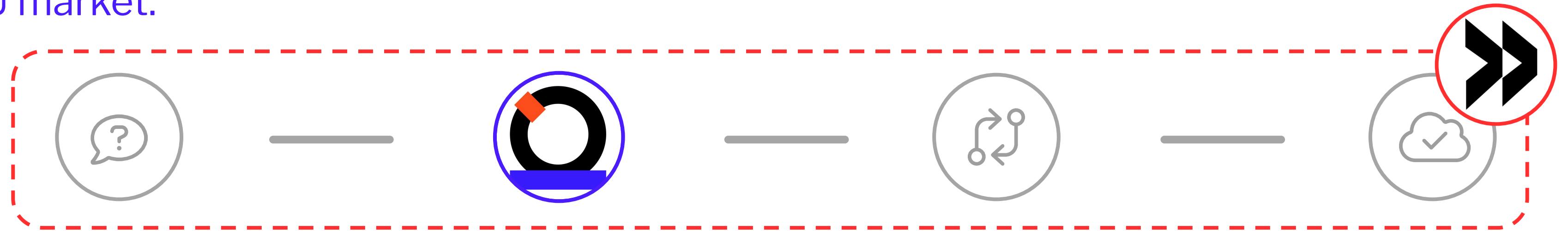
Due Diligence Submission

Operators are required to enter detailed information about their supply chains, including geolocation data, into this system before placing products on the market or exporting them.



OpenAtlas | Traceability and Due Diligence

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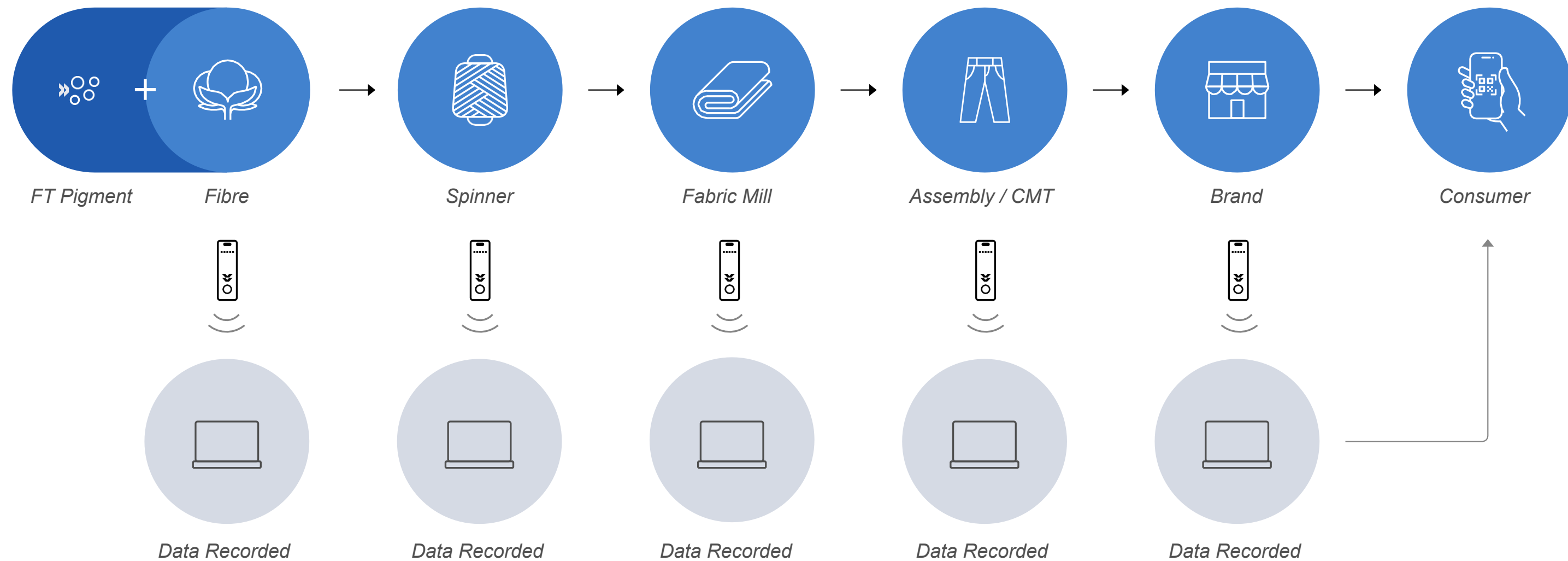


What solutions are available to help?

FibreTrace & OpenAtlas Partnership

OpenAtlas | FibreTrace Traceability

Operators must ensure all commodities can be traced back to their production plot.



OpenAtlas | Deforestation-risk Geo-Verification

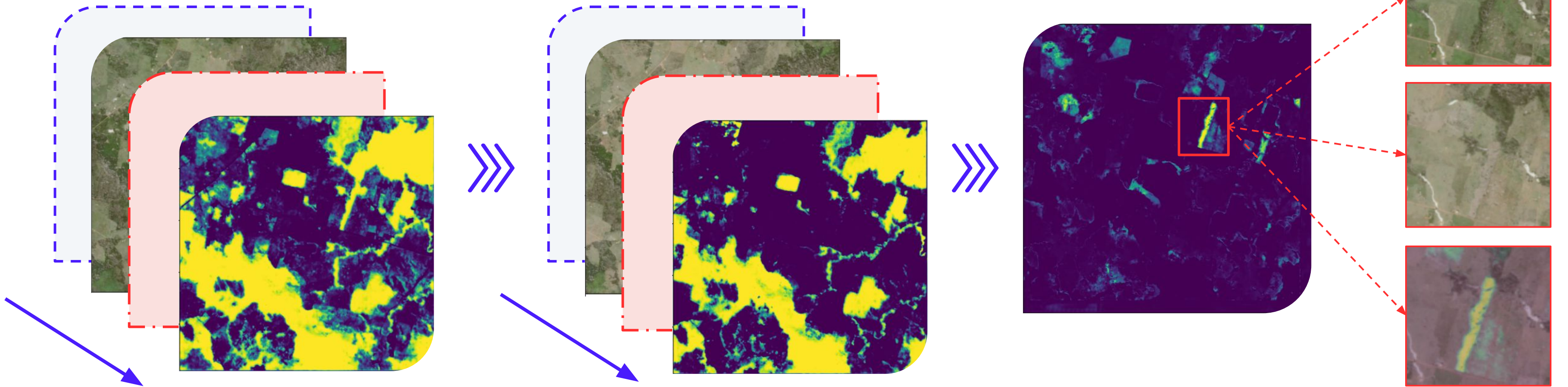
Neural Network-enabled high-accuracy satellite imagery deforestation detection.

EUDR Cut-off

Date of Production

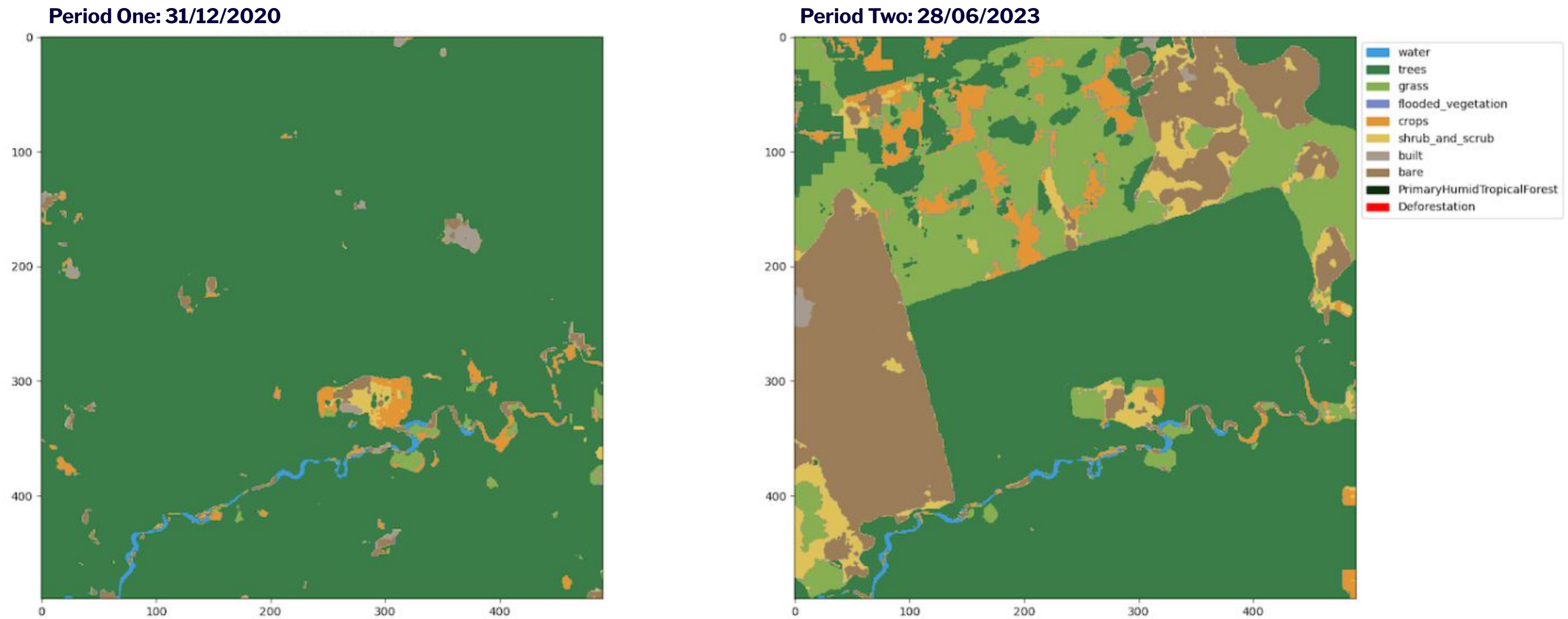
Deforestation Overlay

Closer view of the detected deforestation



OpenAtlas | Deforestation-risk Geo-Verification

Providing verifiable evidence of deforestation-free production for EU compliance submissions



OpenAtlas | CASE STUDY: EcoTrend Fashion

The fashion industry faces unique challenges due to complex supply chains associated with materials like rubber and leather.

Context:

EcoTrend Fashion, a European-based fashion brand known for its innovative and sustainable footwear, sources natural rubber for its products from various countries.

With the implementation of the EU Deforestation Regulation (EUDR), EcoTrend faces the challenge of ensuring its rubber supply chain is deforestation-free and compliant with the new regulations.

Lessons learned: Proactive engagement, technology as an enabler

Challenge:

Rubber is a critical material for EcoTrend's footwear, providing durability and comfort. However, the rubber supply chain is complex, involving smallholder farms, intermediaries, and processors spread across different countries, some of which have high deforestation rates.

EcoTrend must ensure that the rubber used in their products does not contribute to deforestation or forest degradation.

Strategy for Compliance:

1. **Supply Chain Mapping:** EcoTrend begins by conducting a thorough mapping of its rubber supply chain to identify all suppliers and trace the rubber back to its source of origin.
2. **Supplier Engagement:** Engaging directly with smallholder farmers (data gathering etc.)
3. **Implementing Traceability Technology:** transparent tracking of rubber from the farm to the final product
4. **Conducting Audits and Due Diligence:** EcoTrend internal audit conducts regular audits and due diligence checks
 - a. Supported and verified by OpenAtlas



What's the next step for your business?

■ OpenAtlas | Get in touch for a consultation!

If your business operates in the EU and deals in the in-scope commodities or their derived products

OpenAtlas Contact:

Name: Harry Marshall

Role: OpenAtlas CEO / EUDR GTM Lead

Email: harry@open-atlas.com

FibreTrace Contact:

Name: Michael (Minh) Ngô

Role: Business Development Executive

Email: minh.ngodinh@fibretrace.io



THANK YOU

APPENDIX

OpenAtlas | What EUDR mean for your business?

If your business uses any of the in-scope

The cost-of-compliance can be substantial. These include:



Start-up costs:

Initial system and capacity building, employee trainings, new staff, consultancy fees, and IT system implementation etc.



Recurring costs:

Permit handling, inspections, monitoring, reporting, communicating with stakeholders, associated research, etc.



Opportunity costs:

Operational delays owing to approval or processing by public administrations



Non-compliance costs:

Heavy fines up to at least 4% of union-wide turnover, confiscation, import bans, sale bans, increased future compliance threshold, reputational damage



Internal Compliance

Multiple FTEs, time-consuming, costly

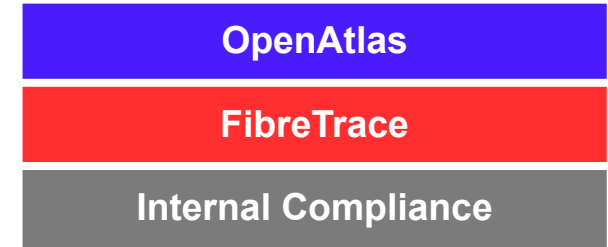


The European Commission estimates that the **one-off costs for companies to set up EUDR due diligence would **range between €5,000 and €90,000.****

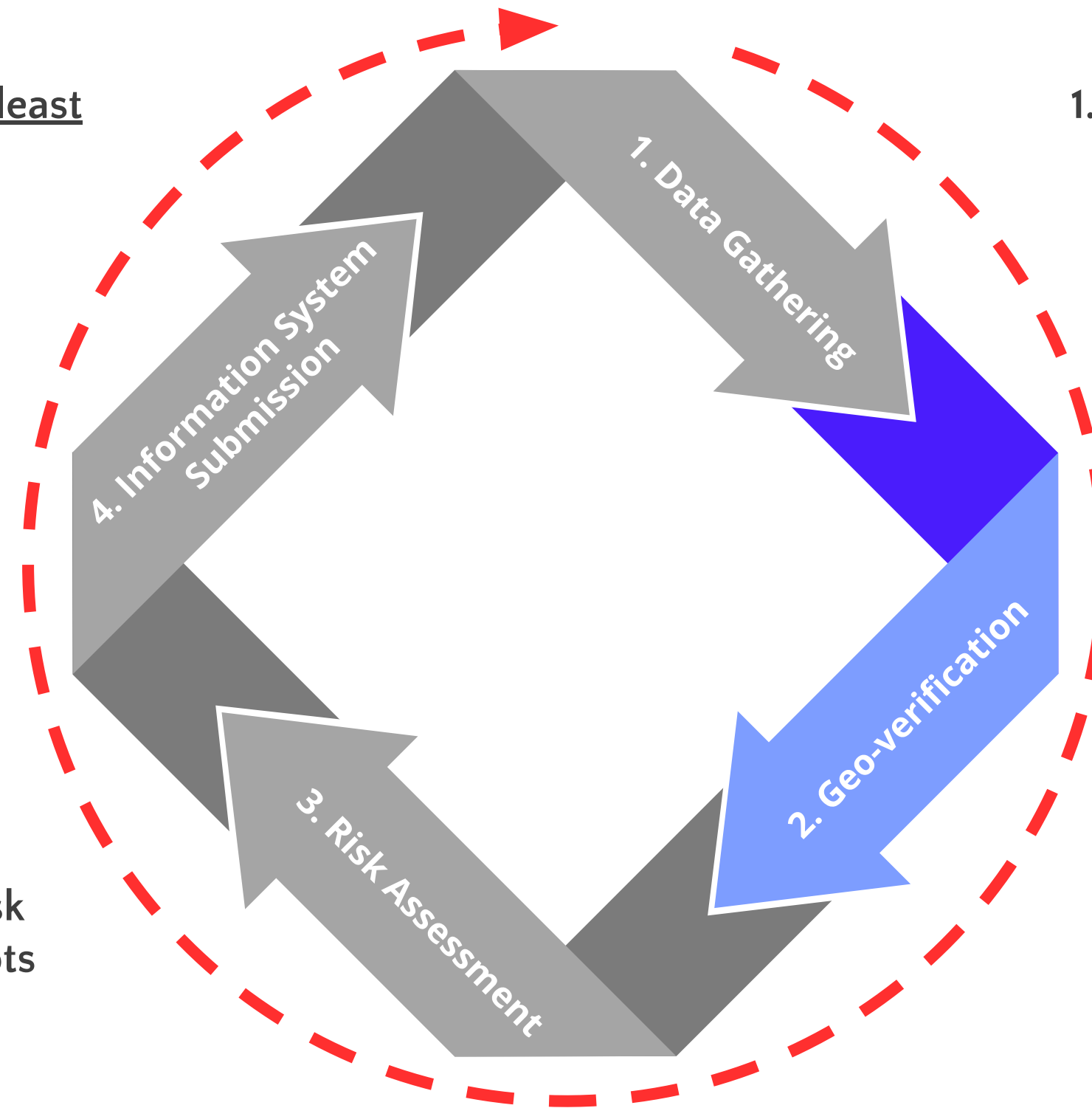
-ING Think Report-

OpenAtlas | Complete EUDR Compliance

Traditional and technical due diligence, combined with E2E traceability.



4. Perform per shipment with at least annual verification.



1. Collect plot-level data:
a. <4ha: only latitude longitudes
b. >4ha: full plot polygon

3. Perform risk assessment and risk mitigation on risk-identified plots

2. Analysis plot-level data for deforestation risk
a. Via OpenAtlas API within FibreTrace digital platform

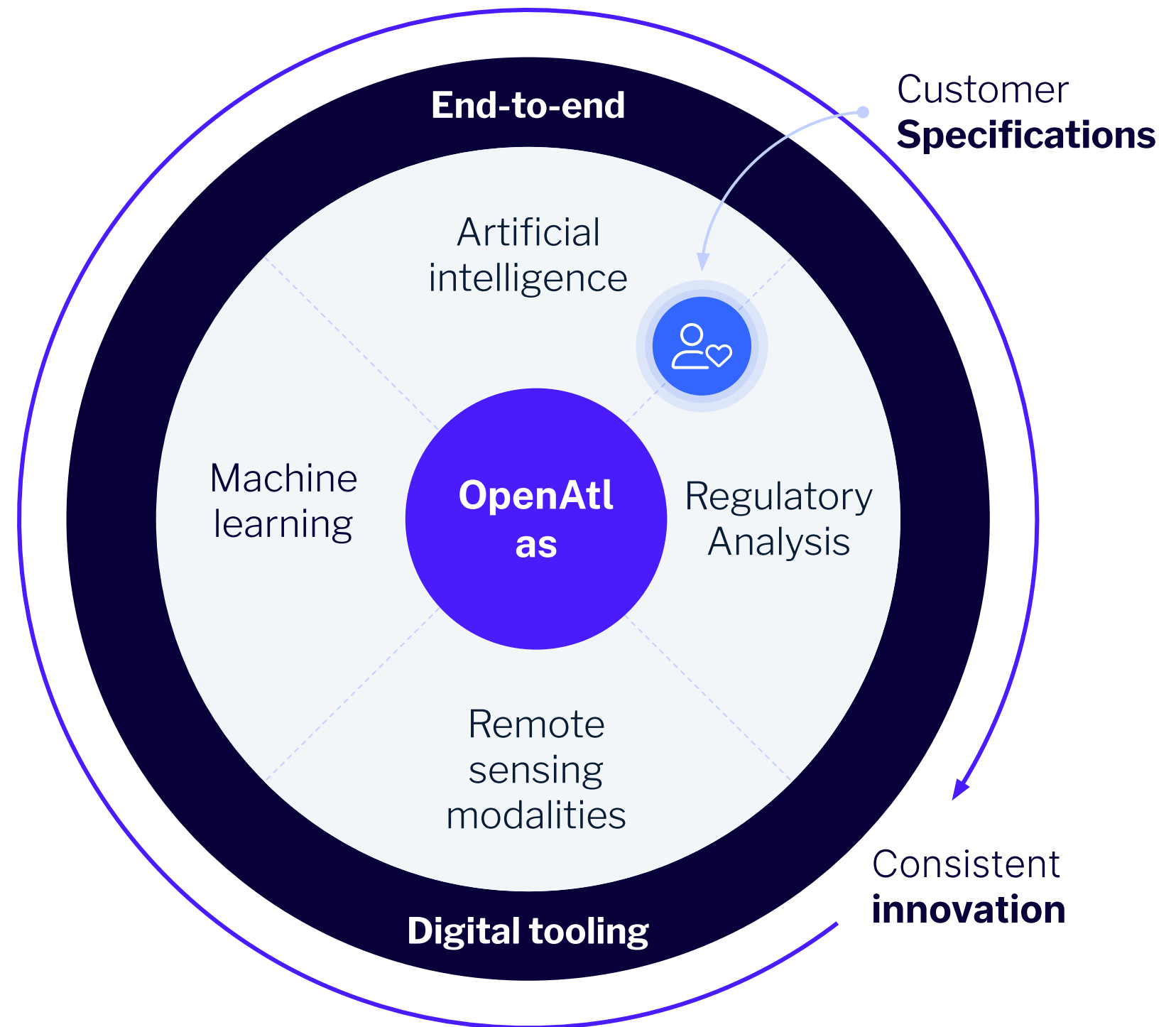
OpenAtlas | Company Overview

Private analysis for public compliance

OpenAtlas is a **machine learning and satellite imagery analysis company** with a focus on creating digital tools that simplify, strengthen and streamline public compliance across multiple industries.

Leveraging state-of-the-art machine learning, artificial intelligence, and deep learning techniques, combined with high revisit/high resolution remote satellite imagery **to reduce compliance risk and inform business decision-making** for customers.

Industries: agriculture, development, infrastructure, investment and capital markets, textiles, digital banking, defense/intelligence.



Partners



sentinel-2



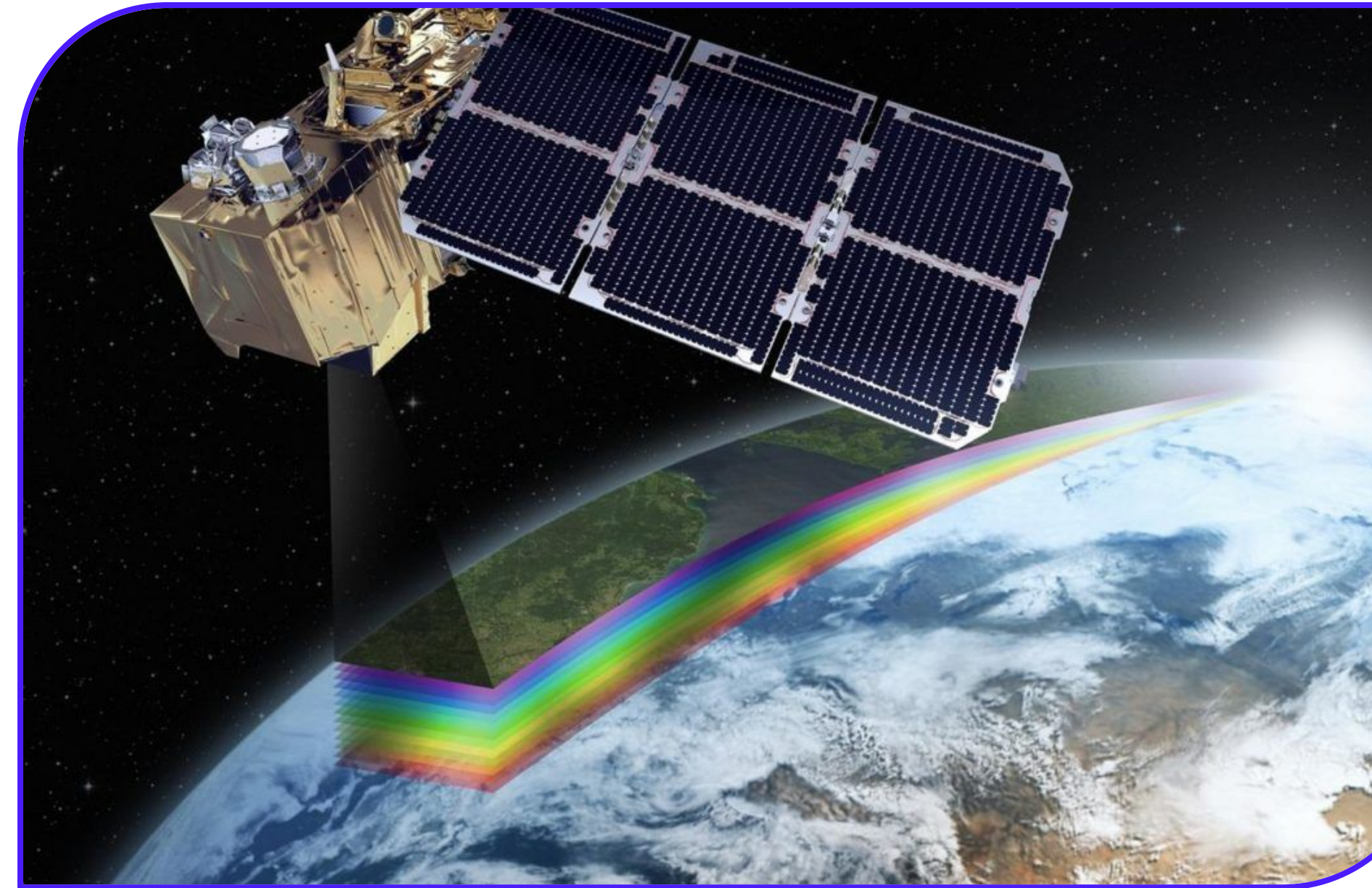
OpenAtlas | Satellite Imagery

Leveraging Europe's multi-spectral imaging mission for the highest quality analysis

Copernicus SENTINEL-2:

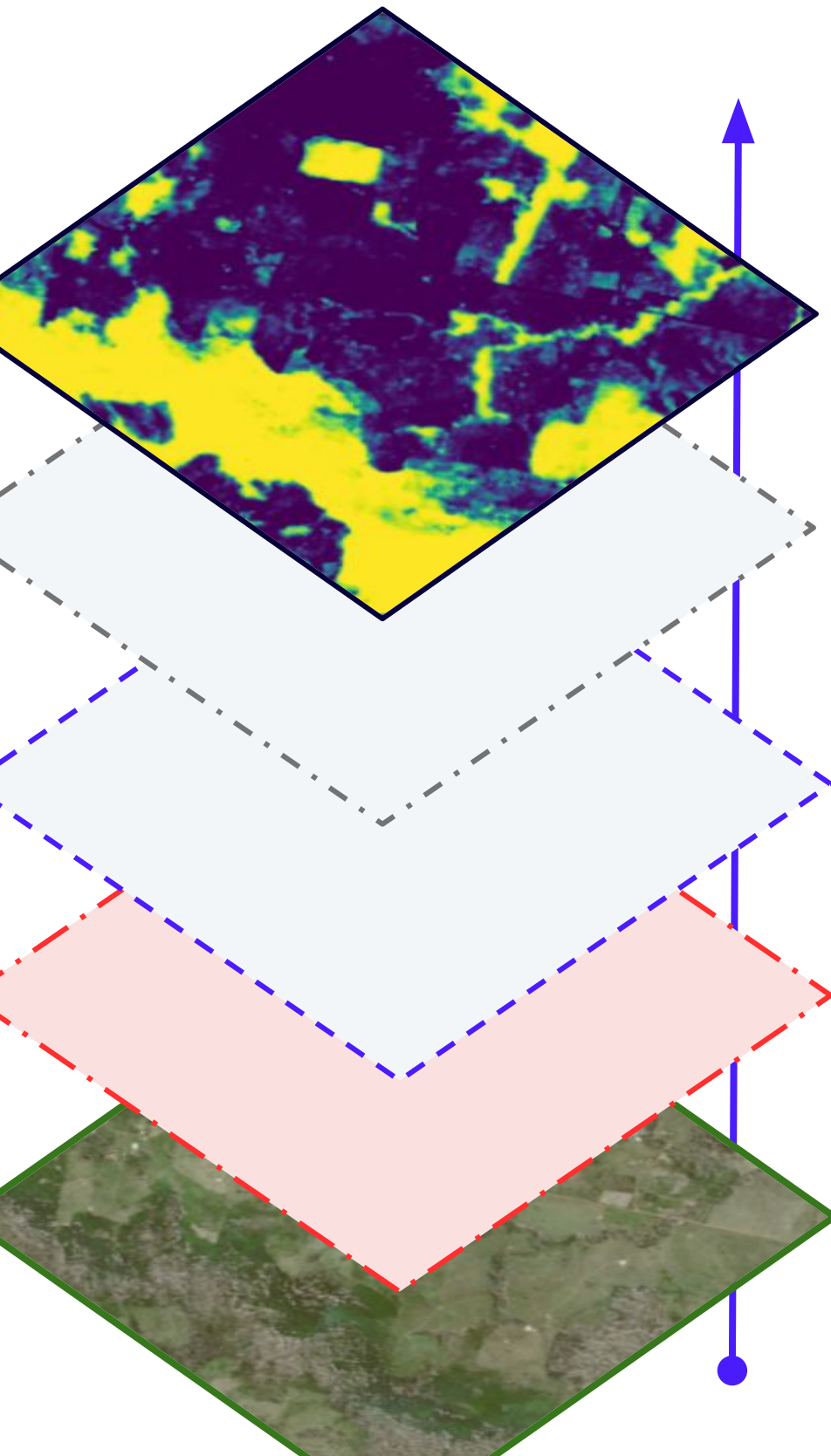
The constellation of two polar-orbiting satellites placed in the same sun-synchronous orbit phased at 180° to each other underpin OpenAtlas' satellite imagery capabilities.

- ✓ **High-revisit time;** 5 days with 2 satellites under cloud-free conditions which results in 2-3 days at mid-latitudes
- ✓ **High-resolution imaging;** three spectral bands: four bands at 10m, six bands at 20m and three bands at 60 m spatial resolution
- ✓ **Multispectral;** 13 spectral bands from VNIR to SWIR for analysis in a variety of climactic, light, and environmental conditions.



OpenAtlas | Self-Supervised Machine Learning

Multi-spectral imaging combined with leading-edge computing research



Deep-Active-Learning

Hand label areas of model uncertainty to continuously improve segmentation system

Registering changes in forest cover

Using time slices, the model determines what represents persistent forest cover changes

Task-specific fine-tuning

Segmentation model built using a global data set for 'ground truth' to determine what is/isn't forest

Self-supervised model pre-training

Unlabelled data set is used to learn models agnostic to global, seasonal and local patterns

Satellite image cache

SENTINEL-2 images over time are segmented using the neural network

OpenAtlas | CASE STUDY

The fashion industry faces unique challenges due to complex supply chains associated with materials like rubber and leather.

	Rubber	Cattle (Leather)
Context	Under the EUDR, the rubber used in products must be traceable back to the plot of land, ensuring it does not contribute to deforestation.	A key material for a wide range of fashion items. The EUDR necessitates that leather, often a by-product of the beef industry, is sourced from deforestation-free areas, adding a layer of complexity due to the global nature of leather supply chains.
Example	Commonly used in shoes, boots, and accessories.	
Specifics	Both rubber and leather involve multi-tiered supply chains, often spanning several countries and continents. Ensuring traceability from the final product back to the source requires comprehensive due diligence and cooperation across the supply chain.	
	The EUDR requires that all components of a composite product, such as a leather handbag or rubber-soled shoes, are compliant. This means each material must be traceable to its plot of land of origin, ensuring no deforestation or forest degradation .	
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OpenAtlas | EUDR non-compliance

What does this mean for businesses?

The scope of EUDR mandates **new and far-reaching requirements on in-scope businesses to prove products are sourced deforestation free**. The cost-of-compliance therefore, are substantial. These include:



Start-up costs:

Initial system and capacity building, employee trainings, new staff, consultancy fees, and IT system implementation etc.



Recurring costs:

Permit handling, inspections, monitoring, reporting, communicating with stakeholders, associated research, etc.



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