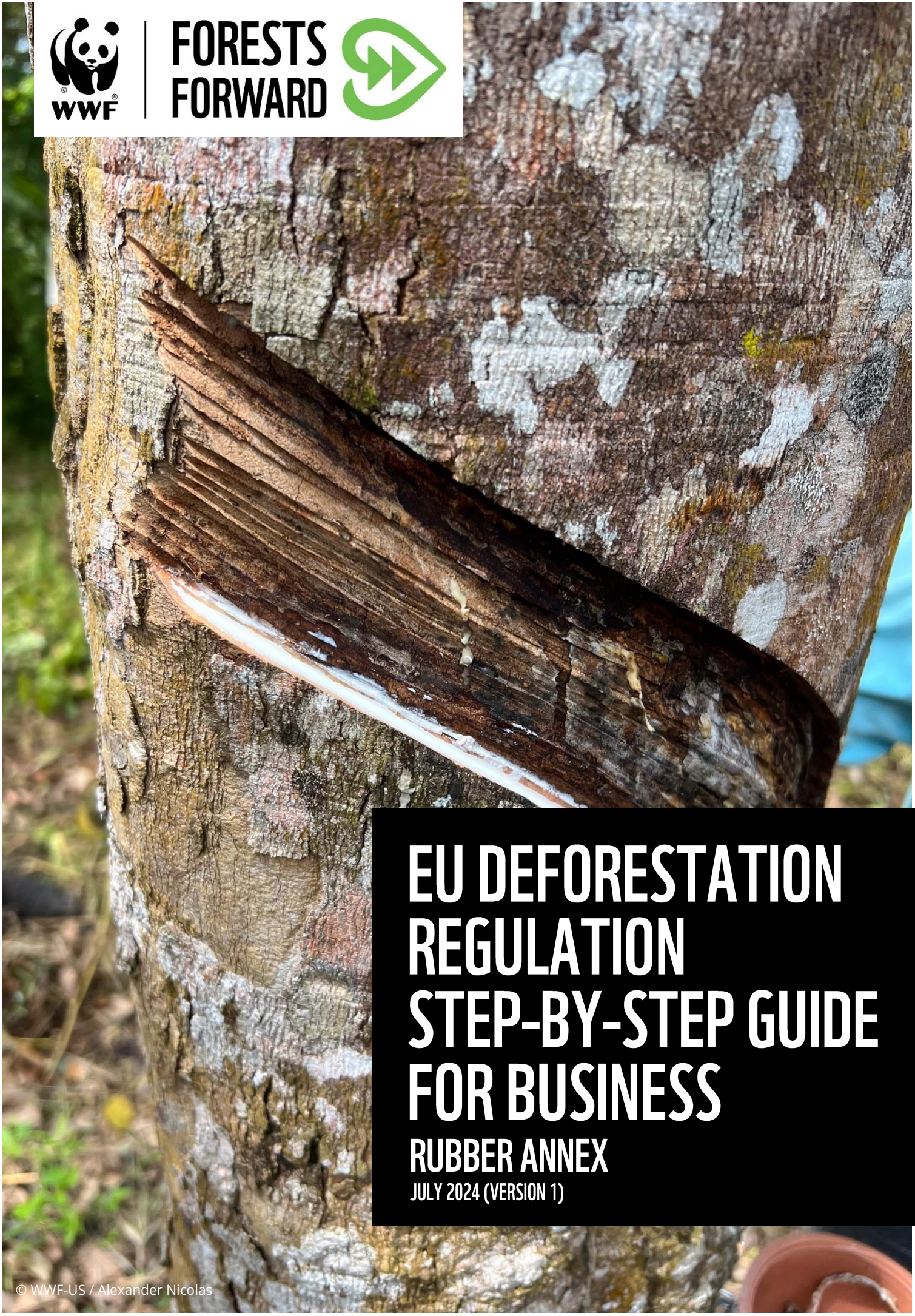


EU DEFORESTATION REGULATION STEP-BY-STEP GUIDE FOR BUSINESS

RUBBER ANNEX

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CONTENTS

ABOUT THIS ANNEX 3

BACKGROUND: RUBBER'S ENVIRONMENTAL & SOCIAL IMPACTS 4

BACKGROUND: RUBBER & THE EUDR 4

DUE DILIGENCE 6

INFORMATION GATHERING 6

RISK ASSESSMENT 9

RISK MITIGATION 12

ABOUT THIS ANNEX

This document is a supplement to WWF's commodity-generic EU Deforestation Regulation (EUDR) Step-by-Step Guide for Business. It provides guidance for companies wishing to comply with the Regulation on meeting requirements related to natural rubber and certain products containing natural rubber (e.g., tires, articles of apparel and clothing accessories, including gloves, etc.). It is not a full guide to all activities needed for EUDR compliance (for example, it does not describe all actions required upstream by rubber processors to ensure EUDR requirements are upheld, but it does describe what downstream companies should ask their suppliers to provide as proof of those activities), nor is it limited to compliance alone. It also includes recommendations for leadership practices that reflect high levels of ambition. It is thus intended as a resource for staff at downstream companies tasked with regulatory compliance but also for those responsible for corporate social responsibility more broadly.

This Annex is provided for informational purposes only; it is not intended as legal advice and may not be relied upon as such. The Annex is provided "as is," and WWF makes no representations or warranties (and expressly disclaims all statutory warranties) regarding the Annex or its use. Users should always consult their own legal counsel in determining legal compliance obligations.

The landscape of supporting resources is evolving rapidly and we anticipate that this Annex will also evolve. Users should therefore pay attention to the publication date.

The EUDR introduces new requirements related to traceability, risk assessment, and risk mitigation that go well beyond previous EU legislation (e.g., EUTR) and laws in other countries that ban the trade in illegal wood (e.g., the U.S. Lacey Act). While WWF views the EUDR as a significant milestone in progressing toward the goals of halting deforestation and forest degradation, eliminating forest-related crime, and transitioning to sustainable agriculture and forestry, it does not in all cases represent what WWF considers best practices. We therefore urge companies to use EUDR not as an end goal but rather as stepping-stone towards higher-level ambition.

For these reasons, the guidance in this document is provided at three levels:

1. first, that of compliance – where an action is explicitly required by the Regulation, we cite the relevant article in brackets in **[red bold face text]**
2. second, that of good practice for actions that are advisable or, in some cases, necessary to achieve compliance – these are offered but are not highlighted
3. and third, WWF-recommended leadership practice – recommended actions that that go above and beyond basic good practice and are flagged in **green bold face text**

For more information on leadership practices, see Appendix 1 of the Step-by-Step Guide.

BACKGROUND: RUBBER'S ENVIRONMENTAL & SOCIAL IMPACTS

Rubber is primarily grown in southeast Asia, with the world's largest producers being Thailand, Indonesia, and Vietnam. Unfortunately, rubber harvesting has been a leading cause of deforestation in this part of the world, with significant pressure on countries like Cambodia and Laos. It has also been the cause of deforestation in other regions like the Congo Basin and West Africa. Beyond rubber production's links to deforestation, it has additional environmental impacts, such as soil loss and degradation, erosion, and sedimentation of waterways. Rubber production and trade can also have negative social impacts, such as land grabs, human rights abuses (e.g., failure to obtain Free, Prior, and Informed Consent (FPIC) of Indigenous Peoples), and labor rights violations, including child and forced labor. It has been difficult to establish controls on rubber products to avoid these impacts because, to date, the companies in rubber supply chains have made little effort to become traceable and transparent: rubber sold as Vietnamese may have originated in Cambodia; rubber sold as originating in Thailand may have been produced in Myanmar or Laos.

Production of and markets for rubber generally follow classic supply and demand rules. The demand for natural rubber is anticipated to climb through the end of this decade and beyond due to combination of factors such as growing global transportation needs, including the shift to electric vehicles and rising freight and passenger flows. WWF anticipates the projected increase in rubber consumption will lead to an increase in price when there are shortfalls in supply, which in turn will make rubber increasingly attractive as a plantation crop for small farmers, especially in areas where palm oil is not an alternative. This increases the probability that rubber will drive future deforestation, with all the attendant negative environmental and social impacts[1].

The natural rubber sector was the last of the sectors for commodities that are in scope for EUDR to begin addressing sustainability, and as a whole has been slow to demonstrate success. Practices that are commonplace in global cocoa and coffee supply chains have been largely rejected by most rubber growers and buyers. Combined with the prevailing lack of supply chain traceability and transparency, this results in high legal and reputational risks for companies trading rubber products.

BACKGROUND: RUBBER & THE EUDR

The EUDR's goal is to ensure that products made from the commodities covered by the Regulation that are placed on the EU market are legal and that their production does not contribute to deforestation or forest degradation worldwide. The placing of products on the EU market that are linked to deforestation or forest degradation that has occurred after 31 December 2020 are prohibited. In addition, to be compliant with the EUDR, rubber and other in-scope commodities must have been produced in accordance with the relevant legislation of the country of production (both national and international).

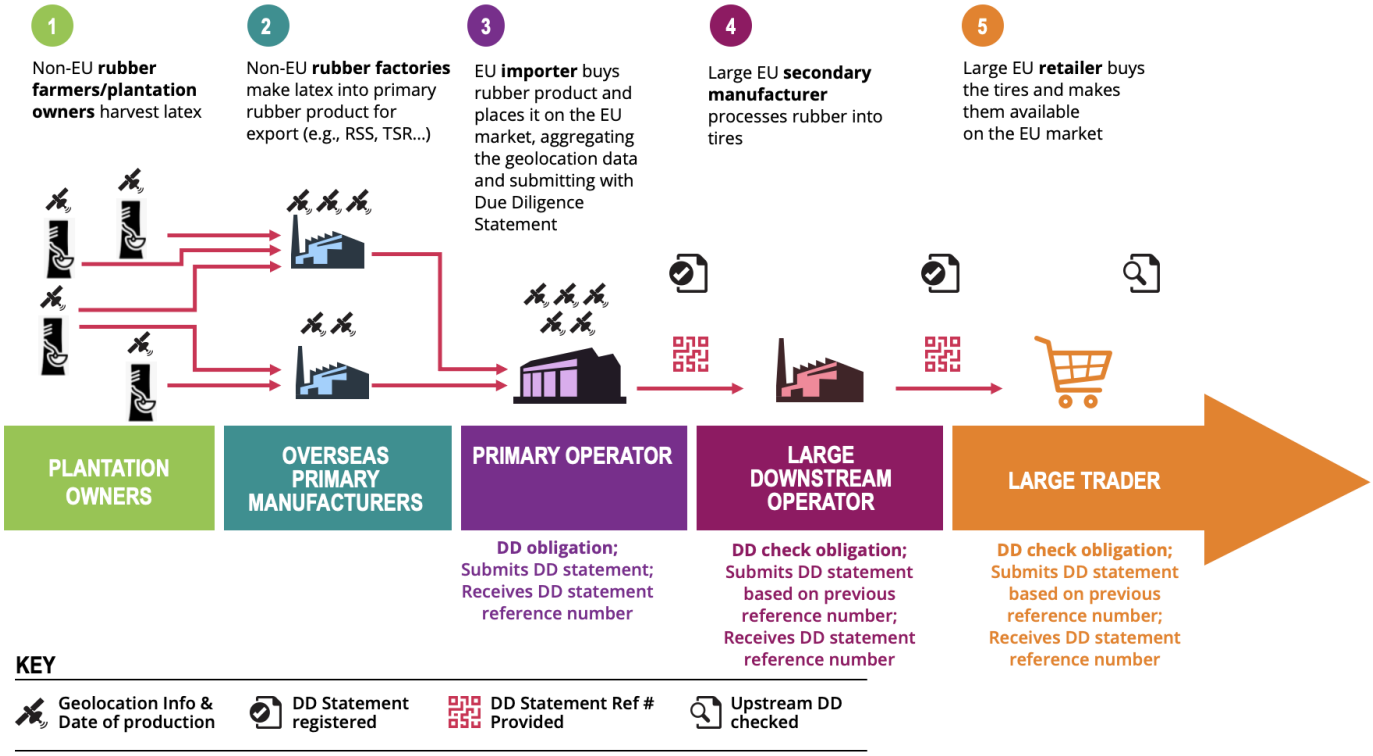
The EUDR defines deforestation as *"conversion of forest to agricultural use, whether human-induced or not."*

Even though natural rubber is included in the Food and Agriculture Organization of the United Nations forest definition, it appears classified as an agricultural commodity under EUDR[2], and therefore should be

[1] There is a correlation between the price of rubber and forest clearance. For example, a 2019 study documented the link between global rubber price and tropical deforestation in Cambodia. Cambodia's annual forest clearance rates were correlated with the mean annual rubber price during the last rubber price escalation in the late 2000s. Deforestation followed eight to nine months after global prices increased, and by the time the new plantations started producing latex, global rubber prices had collapsed again, leaving no new income for farmers. (Grogan, K., Pflugmacher, D., Hostert, P. et al. Unravelling the link between global rubber price and tropical deforestation in Cambodia. *Nature Plants* 5, 47–53 (2019). https://doi.org/10.1038/s41477-018-0325-4)

[2] According to the EUDR, 'agricultural plantation' means land with tree stands in agricultural production systems, such as fruit tree plantations, oil palm plantations, olive orchards and agroforestry systems where crops are grown under tree cover; it includes all plantations of relevant commodities other than wood; agricultural plantations are excluded from the definition of 'forest.'

deforestation-free rather than degradation-free.he graphic below is a conceptual diagram of a supply chain that delivers EUDR-regulated rubber to the EU market and transforms it into value-added products for retail sale. The importer is the first operator and is therefore subject to due diligence obligations to ensure the product is deforestation-free. The rubber is purchased by a large downstream operator who is obliged to check the due diligence procedures of the first operator before using it to make a value-added product such as rubber gloves. The value chain ends with the large (non-SME) trader who also checks the due diligence procedures of the upstream operators before selling the gloves. For more information on the EUDR's obligations of operators and traders, see Section 2 of the Step-by-Step Guide, table 1 and figure 2; for recommendations on how to ascertain that due diligence has been exercised by upstream operators, see Section 3, sub-section H.



DUE DILIGENCE

The EUDR requires three fundamental elements to be implemented which together form the continuous process of due diligence (DD).



- **Information gathering** is the collection of information, documents and data which inform risk assessment and/or demonstrate that relevant products comply with the Regulation's requirements.
- **Risk assessment** uses information gathered to determine if products cannot be deemed no or negligible risk, and therefore require risk mitigation.
- **Risk mitigation** is any of a variety of actions that allow a determination of no or negligible risk to be reached.

Following are recommendations for information gathering, risk assessment and risk mitigation that are specific to rubber and rubber-based products. See the Step-by-Step Guide for general recommendations that apply to all in-scope commodities.

INFORMATION GATHERING

EUDR's Article 9 specifies the types of information that companies seeking to comply with the Regulation need to gather. In addressing this Article's requirements, WWF recommends that companies gather the below information about rubber and rubber-based products, suppliers, and supply chains. The information should help you answer the following questions:

1. Was the rubber produced legally?[3]

[3] Examples of rubber produced in contravention of a country's laws include: non-compliance with licensing or permit processes, rubber farms/plantations in areas zoned for permanent forest cover (e.g., protected areas, forest estates where only sustainable forest management is permitted), failure to obtain regulatory approval (e.g., lacking socio-/environmental impact assessments, failing to produce pre-qualification requirements), failure to obtain regulatory approval (e.g., lacking socio-/environmental impact assessments), non-compliance with harvesting or land clearance requirements, clearance prior to obtaining appropriate permits, clearance without consent and/or compensation of affected communities, illegal use of fire, failure to pay taxes and fees, including on timber extracted during conversion, pollution, clearance of forest in prohibited zones within concession area, including steep slopes, river buffer areas, and deep peat soils, corruption at any stage of these processes (e.g., licenses issued improperly and/or at below market value in exchange for bribes,

2. Was the site of production deforested to make way for rubber farms/plantations after 31 December 2020?

3. Was the establishment of rubber farms/plantations agreed to by Indigenous Peoples with rights to the site of production?

4. Was EUDR-compliant rubber mixed with unwanted (illegal and/or linked to deforestation or human rights violations) rubber or rubber of unknown origin as it was shipped from farm to factory?

Products

All current and potential Tier 1 suppliers of in-scope rubber and rubber-based products[4] should provide declarations for products that include:

Origin

The location(s) of the farm/plantation where rubber was harvested:

- The Regulation requires identification of the country of production. If a product contains or could contain rubber from multiple countries of production, all must be declared.
- The Regulation also requires obtaining the geolocations of source farms/plantations[6] [Article 9.1(d)]. This will help companies drill down to the more granular level needed to enable effective risk assessment and regulation.

It is necessary to ask suppliers if they are providing the geolocations of the specific farms/plantations of origin for the material in a product – i.e., "strict traceability" -- or if they are providing a list of *potential* origins, i.e., a "declaration in excess." Pursuant to the FAQ released in December 2023, declarations in excess are allowed under certain circumstances. *WWF strongly opposes the widespread use and acceptance of declarations in excess as this will increase the risk of non-compliance and will absolutely defeat the purpose and undermine the effectiveness of the EUDR's traceability requirements*. See the Step-by-Step Guide Step 2.F. for further discussion on this topic.

Leadership practice is to avoid the use of "declarations in excess" and implement strict traceability to the greatest extent possible.

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rights obtained through fraud, coercion, or other illegal means). (Dummet, C., Blundell, A. (2021). *Illicit Harvest, Complicit Goods: The State of Illegal Deforestation for Agriculture*. Forest Trends, 14.)

[4] 4001 Natural rubber, balata, gutta-percha, guayule, chicle and similar natural gums, in primary forms or in plates, sheets or strip

ex 4005 Compounded rubber, unvulcanised, in primary forms or in plates, sheets or strip

ex 4006 Unvulcanised rubber in other forms (e.g. rods, tubes and profile shapes) and articles (e.g. discs and rings)

ex 4007 Vulcanised rubber thread and cord

ex 4008 Plates, sheets, strips, rods and profile shapes, of vulcanised rubber other than hard rubber

ex 4010 Conveyer or transmission belts or belting, of vulcanised rubber

ex 4011 New pneumatic tyres, of rubber

ex 4012 Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber

ex 4013 Inner tubes, of rubber

ex 4015 Articles of apparel and clothing accessories (including gloves, mittens and mitts), for all purposes, of vulcanised rubber other than hard rubber

ex 4016 Other articles of vulcanised rubber other than hard rubber, not elsewhere specified in chapter 40

ex 4017 Hard rubber (e.g. ebonite) in all forms including waste and scrap; articles of hard rubber

Indigenous Peoples

WWF recommends that as part of the information gathering step, companies investigate whether Indigenous Peoples are present in the area of source farms/plantations. In gathering information at the country of production level, we recommend investigating if consultation of indigenous peoples is required by national law, and how it is controlled.

Documentary Evidence of Legality

EUDR's Article 9 stipulates that companies shall gather "adequately conclusive and verifiable" information that relevant products are deforestation-free and legal. A common practice is to gather evidence in the form of supply chain documentation for each shipment of products that will be placed on the EU market. A complete set of supply chain documentation will demonstrate the full sequence of legal ownership of the rubber from the farm/plantation to finished product. Each country has different legal requirements for the harvesting, transportation, and export of rubber material and documentation varies accordingly. Supply chain documents may include but are not limited to: rubber harvesting permit, rubber transportation permit, proof of payment of royalties and taxes, commercial invoice, operating license, packing list, sales contract, country of origin certificate (foreign shipments), bill of lading (foreign shipments), customs declaration form (foreign shipments).

Third-party verification may be one form of "adequate and verifiable" evidence collected. You should ask your supplier if products are certified under a third-party forest certification scheme[5].

Deforestation/Degradation

Once a product's origin is established and if the country of production is classified under the EC benchmarking as Standard or High Risk[6], using remote sensing to check source regions, supply areas, and/or geolocations of plots for signs of deforestation or degradation occurring after the 31 December 2020 cut-off date is one way to obtain information. Remote sensing data and services available via a number of "satellite monitoring tools"[7] can be used to indicate where deforestation – and in some cases, forest degradation – has occurred over various time periods in the specific supply areas that provide rubber to the primary manufacturers in your supply chain[8]. This could also be considered part of the risk assessment phase of due diligence and deferred accordingly – see below.

Suppliers & Supply Chains

For each product, it is best to develop complete supply chain maps that identify all suppliers and sub-suppliers up the various tiers to source farms/plantations. If it is not possible to discover the specific identities of all companies in the supply chain because suppliers or sub-suppliers are unwilling to share the information, it is important at minimum to establish each supply chain actor's role (e.g., producer, processor, trader of raw materials, trader or processed materials, manufacturer, car maker, retailer, etc.) and the country in which they

[5] E.g., Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC), an umbrella scheme that endorses national level certification schemes. Both schemes certify natural rubber production and chain of custody and are working on adapting their processes to enable demonstration of compliance with EUDR. However, the rigor of these changes will need to be evaluated when those updates are made publicly available.

[6] The European Commission is going to benchmark (classify) countries into one of three categories: Low Risk, Standard Risk, and High Risk. Products originating in Standard and High Risk countries will face more requirements than products from Low Risk countries.

[7] E.g., EU Forest Observatory, Planet.com/LiveEO, Starling, Satelligence, Copernicus, Global Forest Watch (see Appendix 1 of the Step-by-Step Guide). Global Forest Watch, for example, compiles different datasets, including deforestation and fire alerts, which can help identify and monitor the risk of deforestation, and Global Forest Watch Pro allows companies to upload their own georeferenced data to monitor risk and alerts in a secure interface. It is important to note that when monitoring deforestation and seeking to address cases of deforestation through any of the preceding means, alerts should be verified on the ground to confirm exactitude and causes of deforestation.

[8] Of course, this implies that you will need to know who primary manufacturers located in High and Standard risk countries are through supply chain mapping.

are located so as to provide a basis for the assessment of the risk of unacceptable material being introduced into the supply chain as required by the Regulation (see below).

You should ask your suppliers to verify with upstream rubber processing factories[9] if they are using tracking software and/or specific processes to ensure that the rubber is shipped from farm/plantation to factory with sufficient checks to prevent unwanted material or material of unknown origin from being added at any stage between the farm/plantation and the rubber processing factory.

There are a number of digital supply chain management tools that are designed to support the gathering and management of information on products, suppliers and supplying chains, among other functions. For more information on these tools, see Appendix 1 of the Step-by-Step Guide.

It's important to understand when gathering information on risk in rubber supply chains that about 85% of the world's rubber production is performed by smallholders, and many of these farmers do not have formal land titles. This has not just legal implications, but human rights implications as well. Increasingly, international human rights norms recognize the rights of traditional land users, and international and human rights law --the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) -- also protects the rights of Indigenous Peoples to give Free, Prior, and Informed Consent (FPIC) to any change in their land rights and to any management or extractive activities in their traditional territories.

To determine if there are FPIC and other land rights-related risks in your supply chain that warrant risk mitigation action, you should seek answers to the following questions:

- Does the rubber processing factory, often the first formal, incorporated entity in a rubber supply chain, know from whom it buys their raw materials?
- Does the rubber processor who buys from smallholders have a land rights policy, or does it address land rights through other company policies?
- Does the rubber processor have an operational and public-facing grievance mechanism for receiving and processing community complaints and land rights issues? If so, are there any unresolved land grievances, and what is the company doing to resolve them?
- Is the rubber processor operating in an area with insecure land tenure or an area with a history of social conflict?

Many of the world's approximately six million rubber smallholders live below the poverty line. Rubber processors generally do not pay farmers a fair price for rubber, so unless smallholders are incentivized, it is unlikely they will be motivated to operate under EUDR's compliance requirements for zero deforestation. When gathering information, you should ask your suppliers if upstream rubber processors have a "fair price" payment system set up for growers, and if so, how they ensure that their payments reach the grower.

RISK ASSESSMENT

Products

Risk assessment is necessary for all rubber and rubber-containing products as specified in Annex 1 of the EUDR commensurate with the level of risk specified in the EC's country Benchmarking. For countries classified as High or Standard risk, risk assessments must be documented and reviewed at least on an annual basis. It is also necessary to assess risk for materials from countries designated as low risk, specifically the complexity of the

[9] Here and elsewhere, "rubber processor" or "rubber processing factory" refers to the company that conducts the first stage of manufacture for rubber products by processing field latex and/or cup lumps into primary rubber products.

relevant supply chain and the risk of mixing material with products of unknown origin or origin in high-risk or standard-risk countries or parts thereof. [Article 10.2 (i,j)]; Article13]

Origin

The starting point for assessment of origin risk is at the level of the country of production. In addition to risk assessment for deforestation and illegality, the Regulation requires investigation of 1) the presence of Indigenous Peoples in the country production, whether they have been adequately consulted, and whether there exist "duly reasoned claims…regarding the use or ownership of the area used for the purpose of producing the relevant commodity, and; 2) "concerns in relation to corruption, prevalence of document and data falsification, lack of law enforcement, violations of international human rights, armed conflict or presence of sanctions imposed by the UN Security Council or the Council of the European Union."

FSC National Risk Assessments, although developed for use in the timber sector, also are relevant for rubber as they contain information on deforestation and indigenous peoples in the sections on conversion, traditional and civil rights, and high conservation values (HCVs).

If there is a determination of risk at the country level, then you will need to assess risk at a more granular level (regional, up to farm/plantation level) based on the information available. There are a variety of methods for doing this. For example, the Accountability Framework's OPERATIONAL GUIDANCE on Supply Chain Management offers the below recommendations to ensure that the origins of materials in supply chains are sufficiently known such that risk can be assessed and, where needed, mitigated. Though not tailored to EUDR requirements, these recommendations remain useful:

> *Buyers at any stage of the supply chain must institute a sufficient level of traceability through one or more of the following methods:*
>
> 1. *tracing materials back to the production or processing units of origin;* [i.e., the plots]
> 2. *tracing materials back to an intermediate supplier that itself has effective control mechanisms in place to ensure that its supplies are traced to the production or processing units of origin, and can provide sufficient evidence of this to the buyer;*
> 3. *utilizing credible assurance systems (e.g., credible certification systems) capable of linking raw material supplies with production units having specific compliance or performance attributes; or*
> 4. *tracing materials to jurisdictions or landscapes where it has been demonstrated that performance with regard to specific social or environmental issue(s) is adequate to fulfil the buyer's commitments on the corresponding issue(s).* [i.e., negligible risk of deforestation, degradation, illegality, etc. in the jurisdiction in question]

Deforestation

Combining the rubber farm/plantation geolocation with geospatial data on the extent of forested lands at the cut-off date can provide a first level of evidence that rubber is deforestation-free. This can be layered with boundary maps of protected areas like national parks and forest reserves to determine whether rubber was produced in accordance with the producer country's laws on land-use and protected areas.[10]

[10] The EUDR defines 'relevant legislation of the country of production' as 'the laws applicable in the country of production concerning the legal status of the area of production in terms of: (a) land-use rights; (b) environmental protection; (c) forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting; (d) third parties' rights; (e) labour rights; (f) human rights protected under international law; (g) the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples; (h) tax, anti-corruption, trade and customs regulations'.

In addition, to assess and manage deforestation risks, other types of data and tools could be used. These include, for instance:

- Recent land-use or land cover change maps
- Deforestation risk maps
- Forest disturbance alerts
- Digital supply chain management tools (see Appendix 1 of Step-by-Step Guide)
- Independent observer reports from Civil Society Organizations in producer countries

There are many resources available to assess risk of deforestation/degradation. For example, WWF's Deforestation Fronts report identifies 24 areas of significantly increasing deforestation. And, as noted above, remote sensing data and services available via providers of "satellite monitoring tools" can be used to identify where forest degradation and deforestation has occurred over various time periods in the specific supply areas that provide rubber to the primary manufacturers in your supply chain.

Nationally produced data, such as a national land cover and land-use map or a forest/non-forest map, can also serve as a primary source of information and facilitate operator compliance with the EUDR.

WWF's Deforestation Fronts report identifies 24 areas in the tropics and sub-tropics that have a concentration of deforestation hotspots and large remaining forest areas under threat. Some of these are where rubber is produced, such as Sumatra, Borneo, the Mekong countries of Laos, Cambodia and Myanmar, West Africa, parts of the Amazon, and the Maya Forests in Guatemala. You can use the deforestation fronts map to prioritize where to focus risk mitigation efforts.

Rubber tree maturity is important to understand when assessing deforestation risk. It takes a rubber tree about six years to start producing latex after a seedling is planted. This is relevant when evaluating deforestation risk because any deforestation-related rubber would enter the market at the earliest six years after forest clearance has occurred. Given that the EUDR has a cut-off date of 31 December 2020, it would be late 2027 before any rubber that is not compliant with EUDR because of its link to deforestation would enter the EU market. Some companies believe this gives them ample breathing room to analyze supply chains for deforestation risk and to put compliance systems in place. However, EUDR also requires legality and human rights risks to be addressed as soon as the regulation comes into force. Developing due diligence systems that effectively manage these risks requires time and resources, and the process should start without delay.

Indigenous Peoples

The EUDR requires companies to assess "the presence of indigenous peoples in the country of production or parts thereof," "the consultation and cooperation in good faith with indigenous peoples in the country of production or parts thereof," and "the existence of duly reasoned claims by indigenous peoples based on objective and verifiable information regarding the use or ownership of the area used for the purpose of producing the relevant commodity." [Article 10.2 (c,d,e)] As noted previously, in gathering information at the country of production level, we recommend investigating if consultation of Indigenous Peoples is required by national law, and how it is controlled. Where it is, then you can require that suppliers provide this evidence. Where it is not, then assess whether individual companies (e.g., primary manufacturers), groups of companies, trade associations, and/or government authorities are able to furnish evidence that this requirement is being met. FSC's Principles, Criteria and International Generic Indicators require such evidence; the PEFC Sustainable Management Requirements / PEFC Benchmark Standard includes a requirement for consultation, though with less specificity than FSC in requiring, for example, the implementation of Free Prior Informed Consent (FPIC).

WWF-recommended leadership practice is to verify that FPIC was secured with any Indigenous Peoples living in the rubber production area prior to any plantation creation or operation.

Suppliers & Supply Chains

Suppliers

To assess risks related to suppliers, as a general practice, companies should research if there are any recorded legality or ethical concerns regarding suppliers and sub-suppliers, e.g., via an internet search. We recommend subjecting companies located in countries where corruption / illegality risk is high to more scrutiny. Other flags for risk are:

- Supplier unwillingness to provide requested information, consent to audits, and/or participate in training, and
- The supplier's lack of a formal due diligence system.

Supply Chains

A supply chain is characterized by all the companies involved in the manufacturing and distribution of a product, as well as the countries and regions where they are located. The EUDR requires assessment of the risk of "mixing with relevant products of unknown origin or produced in areas where deforestation or forest degradation has occurred or is occurring." Generally, the risk of circumvention or "laundering" increases when supply chains are complex and unstable (characteristics that are common in international trade):

- Processors or manufacturers who mix products from numerous suppliers increase risk and the difficulty of traceability (connecting relevant products to specific farms/plantations). Rubber supply chains are notoriously complex given the vast number of small farms that supply material to any given processor. It will be easier to trace material from industrial plantations, but many of these plantations also source rubber from neighboring small farmers so you should not assume rubber from those plantations is automatically EUDR compliant.
- Stable supply chains where the companies at different tiers don't change are less risky than more fluid ones where companies buy from different sources at different times.

RISK MITIGATION

Effective risk assessment will result in a classification of products, suppliers and supply chains by the degree of risk: those found to be not "no or negligible risk" must be flagged for risk mitigation. We recommend that you insist on having access to the full documentation of risk assessments done for each of the farms/plantations from which you receive rubber or products made from it. Such right to access will provide the transparency necessary to avoid reputational risks. if no or negligible risk is identified. While you do not need to analyze the full documentation for every risk assessment that indicates no or negligible risk, downstream operators and traders should do periodic random checks of documentation to ensure the risk assessment methodology is rigorous and being applied consistently enough to meet compliance requirements.

The EUDR requires that operators adopt "procedures and measures that are adequate to achieve no or only a negligible risk" [Article 11.1] and provides general examples of what these could include (e.g., additional information gathering, audits, surveys). It also requires "adequate and proportionate policies, controls and procedures" and "model risk management practices, reporting, record-keeping, internal control and compliance," [Article 11.2].

What follows are either recognized good practices and in some cases WWF-recommended leadership practices but none of them are a "green lane" for compliance.

- Require that rubber and rubber products be certified under a forest certification scheme. Forest certification schemes are preferable because their standards address legal as well as illegal deforestation, forest degradation, and treatment of indigenous peoples and thus are better suited to satisfy the requirements of Regulation.

    - As noted, EUDR does not recognize forest certification as a "green lane" for compliance: just because a product is certified does not mean that it is automatically deforestation-free and legal, but the controls built into these schemes (e.g., third-party auditing, stakeholder consultation) provide a higher level of assurance than do many other mitigation measures.
    - Both FSC and PEFC are seeking to align their systems with the Regulation's requirements:
        - EUDR & FSC
        - PEFC & EUDR
    - WWF believes FSC is more likely than PEFC to be able to deliver against key EUDR requirements:
        - FSC is a more unified global system than PEFC which is an umbrella for numerous national certification systems with more variation in the content of their standards.
        - FSC standards are generally more stringent in how they address deforestation/conversion, forest degradation, Indigenous Peoples' rights and other key aspects environmental and social responsibility.
        - FSC has been investing for many years in technologies and approaches (e.g., FSC blockchain, Wood ID testing) that address EUDR's requirements for information gathering and risk mitigation.
        - FSC is producing a new generation of National Risk Assessments (NRAs) for producer countries that are designed to address EUDR's requirements
        - **For these reasons and more, WWF-recommended leadership practice is to prefer products that are FSC certified.**
    - Rubber and rubber products claimed as certified should be checked to ensure that they are properly labeled with the relevant trademark and/or that valid claims and chain of custody certificate numbers are included in invoices. You can also check the validity of certificates online:
        - FSC certificate database
        - PEFC certificate database

- **If FSC material is not available, leadership practice is to insist on full backward traceability to source farms or industrial plantations, i.e., all raw material is traced from farm to rubber processing factory preventing mixing with any unwanted material or material of unknown origin. Additionally, leadership practice includes offering rubber growers and processors financial and technical support to establish the processes necessary to deliver fully traced natural rubber.**

- At a minimum, avoid rubber from plantations that were established at the expense of natural forests prior to the April 2019 cut-off date of the Global Platform for Sustainable Natural Rubber (GPSNR) or the date of your own corporate sustainability policy, whichever comes first. Ideally, you should adhere to the standards of FSC, which do not allow the certification of farms/plantations established through the conversion of natural forests after 1994[11].

- Require that suppliers and sub-suppliers (rubber processors) have robust due diligence systems and check that they are being implemented. Conduct or commission your own field audits of suppliers' or sub-suppliers' facilities sites or hire a qualified party to conduct audits on your behalf. There are a number of providers of auditing services outside of the context of forest certification schemes (e.g., TransUnion, SCS Global Services, Control Union, etc.)

[11] Unless companies have gone through a complex process of remedying social and environmental harms caused by post-1994 conversion via FSC's Remedy Framework.

- Employ a supply chain management tool to follow product flows and manage documentary evidence through supply chains (see Step-by-Step Guide, Appendix 1), or develop your own. Some supply chain management tools integrate satellite monitoring.

- WWF recommended leadership practice is to offer support for the adoption of mechanisms that enable payments to rubber farmers for providing sustainability data (e.g., mapping, land titles) and demonstrating progress towards EUDR compliance (e.g., no forest clearance to establish new or expand existing rubber plantations).

- As a leadership practice, ensure that your sub-suppliers (rubber processors) have public-facing grievance mechanisms in place that are accessible, anonymous, and are being used.

- Ensure that your sub-suppliers (rubber processors) are employing robust "first mile" approaches. To prevent non-compliant material from mixing into a shipment, they should ensure detailed chain-of-custody controls are in place each time a consignment changes hands at rubber collection points and on trucks. There are tools, such as WWF's Hamurni platform, that can help put those first mile guardrails in place (see Appendix 1 of the Step-by-Step Guide for more information on Hamurni). You can refer to the table below "Guidance for First Mile Rubber Supply Chain Tracking" to understand what first mile approaches are to meet EUDR requirements, and how those compare to first mile leadership practices.

	Guidance for 1st Mile Rubber Supply Chain Tracking		
	Practice	**EUDR Requirements**	**Suggested Leadership Practice**
1	**Data collected on-site at the plantation**		
1.1	Plantation polygon	Yes	Yes
1.2	Verification that the polygon was not deforested after EUDR's 31 December 2020 cutoff date	Yes	Yes
1.3	Verification that the polygon does not have peat soil	No	Yes
1.4	Verification that plantation is legal in its government delineated land use zone	Yes	Yes
1.5	Verification that either no Indigenous Peoples were present when plantation was created or, if present, they agreed to creation and operation of plantation	Partial	Yes
1.6	Verification that basic human and labor rights are upheld on farms	Partial	Yes
2	**Data shared among supply chains that may receive raw material from the same farm to NOT have the farmer go through this procedure more than once.**	No	Yes
3	**Data belong to the individual farmer or plantation, and if used to demonstrate that a shipment from the plantation is EUDR compliant, have a corresponding monetary value**	No	Yes
4	**Data stored in a third party-administered database**	No	Yes
4.1	following strictest data confidentiality rules	No	Yes
4.2	enabling easy access for EU auditors	No	Yes
4.3	enabling easy access to “neighboring processors” with which a data sharing agreement has been signed	No	Yes
4.4	allowing each farmers who gave their data to be stored there to receive an EUDR compliance premium	No	Yes
5	**"Red flag" maximum assumed yield per plantation is set to the country’s lowest officially recorded yield for a mature plantation, less if the given plantation has fewer than average trees per hectare. Annual shipments from this farm above this yield will trigger an on-site inspection and verification of likely yield.**	No	Yes
6	**All raw materials are tracked from farm to factory making sure no unwanted material enters the supply chain by recording and having accepted by both seller and buyer the following variables during each change of hands:**	No	Yes
6.1	Volume / weight	Yes	Yes
6.2	Price	No	Yes
6.3	Seller's name	Yes	Yes
6.4	Buyer's name	Yes	Yes
6.5	Seller’s vehicle	No	Yes
6.5.1	Brand and model	No	Yes
6.5.2	License plate	No	Yes
6.5.3	Color	No	Yes
6.5.4	Driver’s name	No	Yes
6.5.5	Photo showing all of above	No	Yes
6.6	Buyer’s vehicle	No	Yes
6.6.1	Brand and model	No	Yes
6.6.2	License plate	No	Yes
6.6.3	Color	No	Yes
6.6.4	Driver’s name	No	Yes
6.6.5	Photo showing all of above	No	Yes
6.6.6	Location of exchange	Unclear	Yes
6.6.7	Time of exchange	Yes	Yes
7	**Each supplier of EUDR compliant material receives a >10% premium on top of daily base price directly, without interference of middlemen.**	No	Yes
8	**Software used for this data collection is easily data compatible with software that may be used by other entities involved downstream in this supply chain to ensure seamless data analysis between farm and final buyer and allow farm payments to easily be made from upstream entities.**	No	Yes
9	**All of the above achieved over a period of 3 years from the onset of EUDR.**	No	Yes