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Voluntary sustainability standards to cope with the new European Union regulation on deforestation-free products: a gap analysis

Mauro Masiero, Luiz Henrique Elias Cosimo, Aynur Mammadova & Davide Pettenella
LEAF Department, University of Padova (Italy)

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Voluntary sustainability standards to cope with the new European Union regulation on deforestation-free products: A gap analysis

Luiz Henrique Elias Cosimo^a, Mauro Masiero^a, Aynur Mammadova^a, Davide Pettenella^a

^aDepartment of Land, Environment, Agriculture and Forestry (TESAF), University of Padova, Viale dell'Università 16 – 35020, Legnano (PD), Italy

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ABSTRACT

The European Union Deforestation Regulation (EUDR) has been recently adopted to fight deforestation and forest degradation associated with the trade of forest-risk commodities, including cattle, cocoa, coffee, oil palm, rubber, soy, and wood. Operators must exercise due diligence (i.e., information collection, risk assessment, and risk mitigation) to ensure these commodities and their products are deforestation-free and produced in accordance with relevant legislation. In recent decades, Voluntary Sustainability Standards (VSS) have been adopted in the private sector to promote sustainable and deforestation-free supply chains. The EUDR recognizes certification and other third-party verified schemes as supporting tools for risk assessment during the due diligence procedure. However, questions persist regarding the extent to which these schemes can assist operators in assessing compliance with the EUDR. This study addresses these concerns by developing an assessment framework to evaluate the suitability of VSS schemes in covering the due diligence requirements established in the EUDR. The assessment of five major agricultural and forestry VSS schemes against this framework revealed both potentialities and limitations in covering these requirements. Most of the indicators from the framework were at least partially covered. Nevertheless, the assessed schemes fell short in providing a comprehensive prohibition of deforestation and forest degradation. They also presented variable coverage of the relevant legislation outlined in the EUDR, as well as deficiencies in their systems to assure compliance with the standards. Overall, this study indicates that VSS schemes can be incorporated as elements of the due diligence system but are insufficient to demonstrate compliance with the EUDR.

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The study: aim, scope and methodology

- Aim:** To assess if selected VSS can deliver products that are deforestation-free and produced in accordance with the EU Deforestation Regulation (EUDR) requirements
- Scope:** 5 VSS selected
 - ISEAL members
 - Specific for one or more EUDR commodities/products
 - *Fairtrade* (coffee & cocoa), *FSC* (wood & gum), *Rainforest Alliance* (coffee & cocoa), *Round Table on Responsible Soy Association* (soy) and *Roundtable on Sustainable Palm Oil* (palm oil)
- Methodology:** Development of an Assessment Framework (EUDR requirements) and desk-based study (checking and assessing relevant VSS docs)

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Assessment framework: an overview

Principle A Requirements that commodities and products are deforestation-free and produced in accordance with relevant legislation

A.1	A.1.1	A.2	A.2.1
	A.1.2		A.2.2
	A.1.3		A.2.3

Principle B Requirements for information traceability and risk management in the supply chain

B.1	B.1.1	B.2	B.2.1	B.2.3
	B.1.2		B.2.2	B.2.4

Principle C Scheme structure, assurance system and transparency

C.1	C.1.1	C.2	C.2.1	C.3	C.3.1	C.3.4	C.4	C.4.1	C.4.3
			C.2.2		C.3.2	C.3.5		C.4.2	C.4.4
					C.3.3				

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Assessment framework (an example)

Principle A Requirements that commodities and products are deforestation-free and produced in accordance with relevant legislation

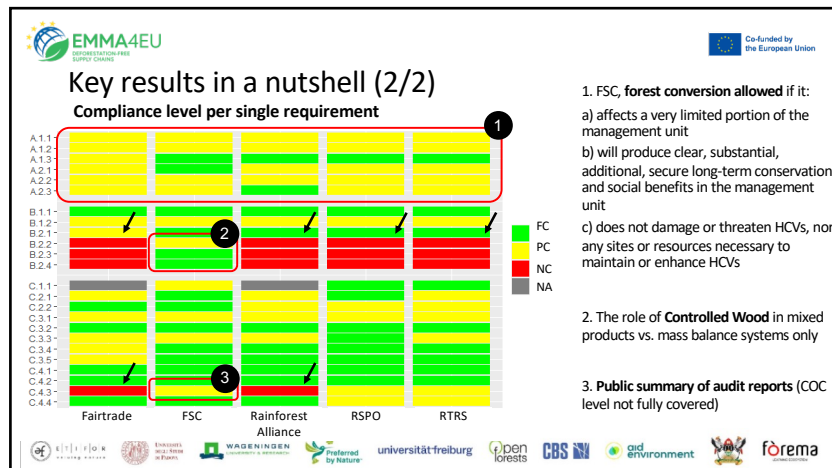
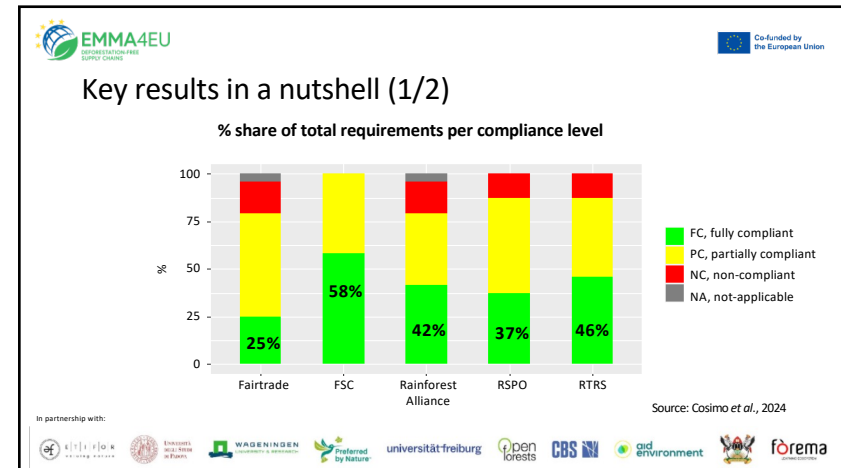
A.1 Criterion A.1 Requirements for deforestation-free commodities and products

A.1.1 Indicator A.1.1 The scheme presents a clear prohibition of deforestation and forest degradation

Verifiers/Guidelines
Deforestation-free means:

- that the relevant products contain, have been fed with or have been made using, relevant commodities that were produced on land that has not been subject to deforestation after 31st December 2020, and
- in the case of relevant products that contain or have been made using wood, that the wood has been harvested from the forest without inducing forest degradation after 31st December 2020.

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Take home messages

- VSS not originally intended to cope with EUDR: different rationale, aims and scope
- None of targeted VSS fully covers EUDR requirements**, but different profiles identified
- FSC higher coverage** (no full gaps, higher degree of full compliance) → lessons learnt from EUDR
- Additional actions and measures** -e.g., FSC Regulatory Module and Risk Assessment Framework- approved after the paper was published **further closed the gaps**
- FSC as valuable support towards EUDR compliance

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