

EU Deforestation Regulation – EUDR

The EU Deforestation Regulation (EUDR) was officially adopted on May 31st 2023, and entered into force on June 29th 2023. The regulation replaces the EU Timber Regulation (EUTR). EUDR aims to stop deforestation and forest degradation associated with specific products placed on or exported from the EU market, in particular agriculture crops, but also wood products and solid biofuels. The main provisions in the regulation will apply in December 2024.

The EUDR requires that products covered by the directive and intended either for placement on the EU internal market or for export from the EU must:

- be deforestation-free;
- have been produced in accordance with the relevant legislation of the country of production; and
- be covered by a due diligence statement.

The Moelven Group, Moelven Industrier ASA with subsidiaries, works to promote sustainable forestry and supports measures against deforestation and forest degradation. Moelven shall comply with the regulatory requirements applicable in all geographical areas where the group operates, as well as all requirements arising from e.g. certifications and operating permits held by the group.

All the companies in the Group's timber processing activities are working continuously to ensure compliance with the traceability standards of PEFC (Programme for the Endorsement of Forest Certification) or FSC certification (Forest Stewardship Council). Moelven currently has two multi-site certificates in the PEFC CoC¹ and FSC® CoC² schemes. These are traceability certifications that follow the value chain from timber to finished products, which is an important prerequisite in the work to ensure that the finished products do not contain raw materials from controversial sources. The EUDR's requirements, however, will extend beyond the capabilities of our current traceability schemes. To solve this, we are actively working to develop the systems needed to comply by the end of 2024. Our internal traceability-organization have established an EUDR work-group responsible for updating and implementing control routines that enable Moelven to issue due diligence statements for relevant products.

Adaptation and compliance with the requirements of the EUDR will also require changes to the IT systems in the value chain from the forest to finished products. Moelven has initiated internal investigations and testing to determine how the requirements for information gathering and information flow through our business systems, including communication with the EU database, can be managed effectively and appropriately.

There are still unresolved questions related to how EUDR should be implemented in practice. To ensure access to updated information and guidelines, Moelven follows closely the information published by the EU and maintains ongoing dialogue with industry federations in Sweden and Norway, customers, the forest industry and certification organizations.

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¹ PEFC/03-34-03 and PEFC/03-31-49

² FSC® C113012 and FSC® C115128