How to respond to the requirements of the EUDR Deforestation Regulation in the wood industry?

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Introduction

Requirements related to reporting and traceability of origin data are becoming more stringent every year in many industries as new regulations and guidelines are introduced. Those involved in the wood industry have to pay more attention to data traceability in their operations than in the past, as international directives on both sustainability and data security are updated.

Stricter requirements call for robust practices in data collection and reporting. The EU directives on product origin information, biodiversity loss, and data security apply to the whole value chain, requiring operators to consider these requirements at every stage of their operations, from forest to end product. Operators in the wood industry of all sizes must therefore consider the known regulations in their activities. Companies must make data monitoring their top priority in order to remain competitive.

This guide is for companies in the wood industry that are seeking to improve their information practices in a jungle of tightening requirements. As the value chain in the wood industry involves a large number of actors, practices need to be consistent and compatible throughout. Even if a company is not directly covered by a regulation or directive, inadequate practices in the value chain can lead not only to sanctions but also to a significant loss of competitiveness in the market.

Introduction

Companies in the wood industry need to consider the EU CSRD Directive and ESRS standards for sustainability reporting, the EUDR Deforestation Regulation, and the NIS2 Cybersecurity Directive, among others. The directives are implemented at the national level through legislation and guidance from public authorities. FSC certification is widely used by operators in the Swedish wood industry. Among other things, FSC certification is used by operators from EU countries in the wood industry.

Consistent data protocols allow sustainability and origin data to be correctly reported from start to finish, and verified retrospectively throughout the chain. A robust information system with the required data entered to the authorities is a sign of reliability, continuity, and sustainability of the business for both the authorities and the clients. When a company and the various actors in its chain have effective structures in place for reporting data, it is easy to respond to changing requirements.

Companies that act responsibly and integrate sustainability into their activities are considered pioneers and farsighted.

Enjoy the read!
- Pinja's experts

Key EU legislation in the wood industry

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EUDR Deforestation Regulation

In 2023, the EU's Deforestation Regulation (EUDR) entered into force, which aims to minimize the EU's contribution to global deforestation, and reduce the role of EU countries in greenhouse emissions and biodiversity loss.

In practice, the regulation prevents the placing on the market or export of commodities and products made from them whose production has caused deforestation or forest degradation from 31 December 2020.

Wood is one of the key commodities in terms of the scope of the regulation and deforestation. The regulation requires products introduced to the market to

- not cause deforestation,
- be compliant with the legislation, and
- have been subject to a due diligence declaration.

EUDR timeline – EU proposing easing amendments

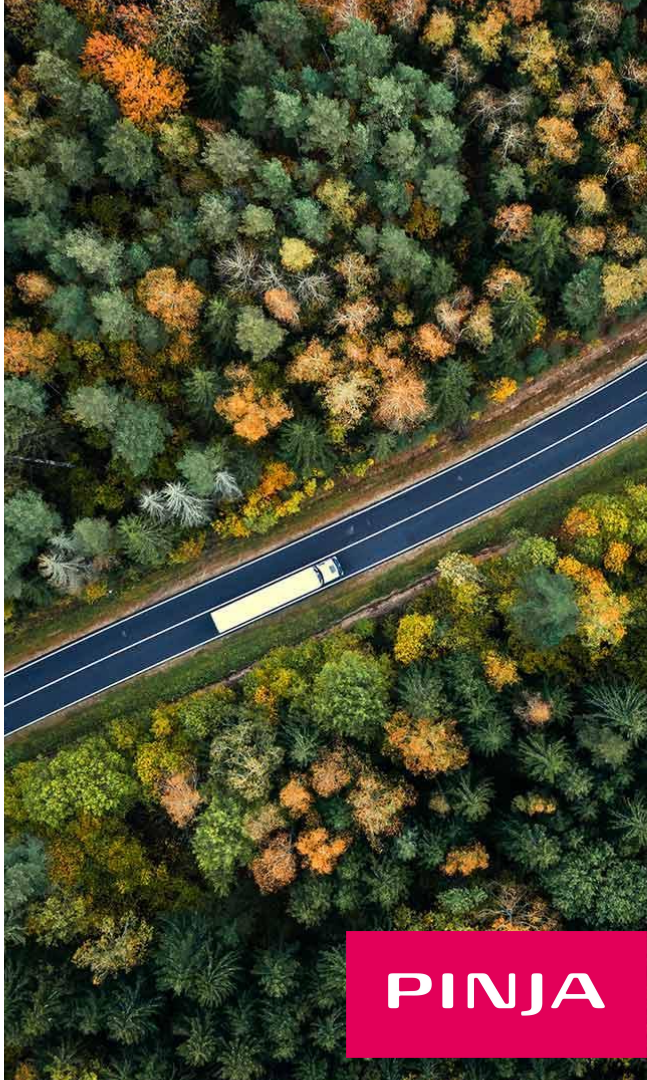
According to information released in October 2025, the Commission is proposing amendments to the regulation aimed at reducing the administrative burden for operators.

Key proposals:

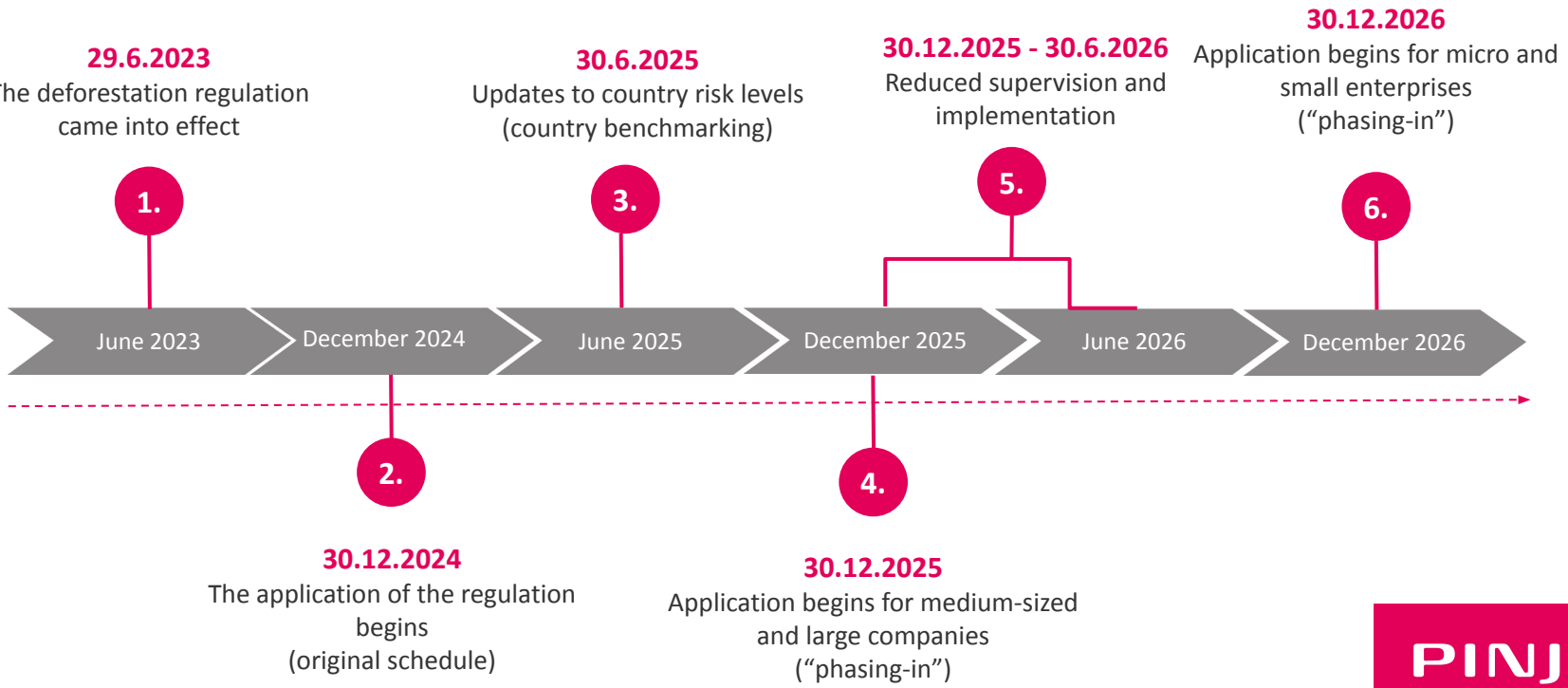
- The regulation will still take effect at the **end of 2025** for **medium-sized and large companies**.
- For **micro and small enterprises**, implementation will begin on the **updated schedule of 30 December 2026**.
- At the **beginning of 2026**, there will be a **six-month period** during which **lighter monitoring and enforcement** will apply.

The goal is to **ease the load on the Commission's information system** and enable a **smoother rollout**.

The proposals will next proceed to the **European Parliament** and **member state negotiations**.



Timeline according to the new proposed amendment (10/2025)



Other regulations and guidelines

The EU directive on corporate sustainability reporting, or the CSRD Directive, which came into force in 2024, sets new requirements for corporate sustainability reporting. Companies will have to report more accurately on, for example, the social and environmental impacts of their business, and how sustainability is reflected in their business. The obligations will come into force in stages, with listed large companies reporting first, starting in 2025.

Reporting under the regulation is guided by the sustainability reporting ESRS Standards, which will be phased in from the beginning of 2024. They give concrete expression to the implementation of the Sustainability Reporting Directive. Both the directive and the standards aim to create a framework for sustainability reporting that is as rigorous and precise as that for financial reporting.

The NIS2 Directive in turn updates the NIS practices of the EU Cybersecurity Directive. The directive aims to raise the level of data security in EU countries. NIS2 entered into force in 2023, and will be applied in member countries from October 2024. The Directive lays down at legislative level how companies operating in socially critical sectors must address cybersecurity in their operations and throughout their value chain.

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Increasing demands

The new regulations and updates to existing guidelines are an indication of the direction in which reporting and data collection are heading. The requirements seek greater transparency and common sustainability practices throughout the EU, regardless of the sector and size of the company.

At the same time, it means more work for many operators and a new reporting burden once the requirements come into force at the latest. Although the guidelines for the Deforestation Regulation are still taking shape, the existing data collection practices make it easier to meet the requirements.

Data monitoring covers the whole value chain – data must be collected from all its actors

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In all sustainability reporting and traceability regulations, the monitoring requirement applies to the whole value chain. In the wood industry, this covers the chain from forest to processors and traders, including all subcontractors and suppliers.

The requirements of the EUDR Deforestation Regulation require wood processors to demonstrate that the production of wood-based products has not degraded forests, for example through agricultural use or destruction of virgin forests. In addition, operators in the wood industry must provide due diligence (DD) insurance, and, depending on the Finnish risk classification, also carry out a risk assessment and mitigation of risks related to the products and their production, for example in the country of production. Even in the simplified procedure, which does not involve risk assessment or mitigation, the necessary information must be collected, organized and kept for five years after the launch or export of the products.

Data monitoring covers the whole value chain – data must be collected from all its actors

This information includes **the origin of the timber products**, **descriptions and quantities in net kilograms**, **production country**, and **information on suppliers**. The regulation puts great pressure on the data collection practices of operators so that traceability is not broken at any stage of the process.

The obligations of traders under the regulation depend partly on the circumstances of the trade. The forest owner is obliged to provide the buyer, such as a forestry company, with the information required by the regulation so that the buyer knows that the product meets the requirements of the regulation. The forest owner can, for example, authorize a forestry company to take out DD insurance on their behalf.

The information required by the regulation must be available at all times, so that it can be verified, for example during inspections by the responsible authority. Since the data must be verifiable back to the origin of the raw materials and products, reporting cannot be done only ex-post. Compliance with regulations and guidelines requires a robust structure for data collection and reporting capacity.

Even in complex chains that involve a large number of subcontractors, consistent data practices, and the right technology help to create a reliable overview and verify the accuracy of the data. Among other things, FSC certification is used by operators from EU countries in the wood industry. However, it provides a good basis for collecting data and for highlighting responsibility throughout the value chain.

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How does an information system help you meet the requirements?

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How does an information system help you meet the requirements?

The key to meeting regulatory requirements is to start with adequate and consistent practices for collecting and entering data. This is where the right kind of information system can provide invaluable support, especially when its use is linked to all phases of an operation.

Mitigating risks
Investing in data collection and reporting is a way for companies to avoid significant risks. If the reporting of a company relies solely on a single person or on manual work such as in Excel spreadsheets, information may not be quickly available, and, in the worst case, it may be lost.

Additionally, the risks of dependency on people and human errors are minimized by centralizing reporting in a single, functional system.

Verifiability
Traceability of operations requires data that is always available, and can be verified after the fact. A comprehensive information system that collects the necessary data from the supply chain is a prerequisite for reliable reporting.

The information system can be used to enter data on the origin of products, suppliers, production, and existing certificates, among other things.

How does an information system help you meet the requirements?

Maintaining competitiveness
Regulatory reporting is a sure way to invest in business continuity in a changing environment. In the timber value chain, buyers turn to operators who have access to information on the sustainability of operations, the carbon footprint, and the origin of timber products. Even a small interruption in data collection can lead to a loss of customer loyalty and revenue streams. The information system and clear processes demonstrate reliability to both customers and partners.

Cost-effectiveness
Consistent practices in data collection and input and a reliable information system bring significant cost efficiency when the process is streamlined. This avoids potential fines and costly errors related to incomplete reporting. ERP and other information systems that are seamlessly integrated into the business also support overall business efficiency. There is no need to go digging for information separately, for example from subcontractors or afterwards, which saves human resources and makes work more efficient.

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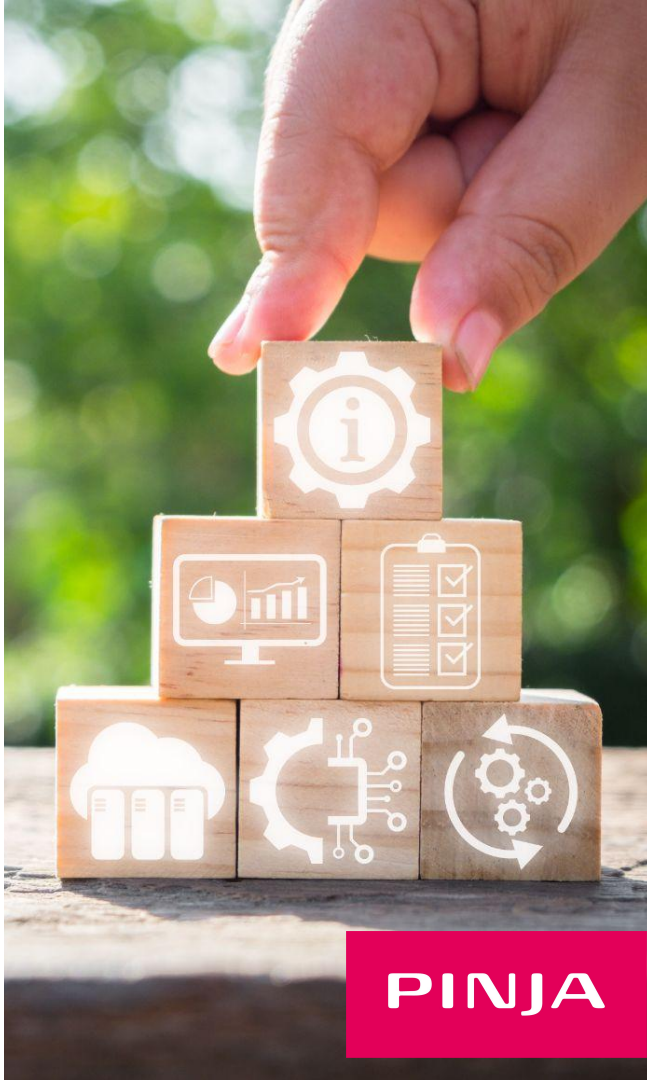
How does an information system help you meet the requirements?

Foresight
Foresight gives you a valuable head start in the face of changing reporting requirements. The later the reporting process, the more likely it is that there will be a rush to meet the requirements, and temporary stopgap solutions will be needed.

An information system that provides the necessary monitoring platforms and structures also helps to easily meet future requirements. Real-time information supports decision-making and helps to understand the overall picture and future needs.



Timber by Pinja supports automated data management and saves time

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Timber by Pinja supports automated data management and saves time

The Timber by Pinja ERP system is developed to support business and production at all stages of operations. It provides a platform for sawmills and woodworking operators to input product and activity data for real-time monitoring. It guides you to enter data consistently and with a sufficient level of accuracy.

With Timber by Pinja, information management can be automated and standardized with efficient monitoring platforms to ensure data traceability. Batch-specific information can be added to the system, for example:

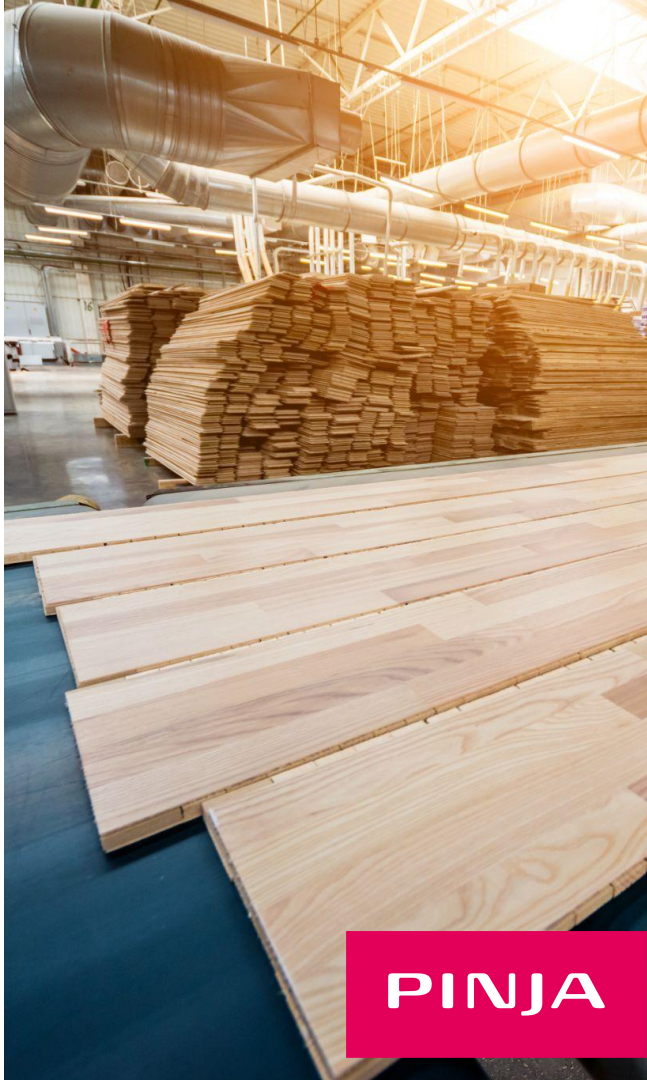
- The origin of timber and raw materials throughout the supply chain
- Stock levels and order volumes
- Suppliers and deliveries of loads
- Certificates related to products and by-products, including the amount of certified wood
- Information on activities, products, and subcontractors relating to due diligence

Timber by Pinja supports automated data management and saves time

The system allows the user to identify which information is relevant to the Deforestation Regulation. Depending on the data input, reports can range from the sustainability of raw material processing to the sales volumes of controlled wood products. An efficient information system not only helps but also forces operators to enter the information required by regulations and standards, for example, in the required way.

With the same or a mutually supportive ERP system throughout the value chain, information is streamlined from one operator to another, and can also be retrieved and verified afterwards. This makes it easy to generate the necessary reports for both the partners and the authorities.

In addition, a modern system also allows easy real-time integration with other external systems. This means that the value chain between companies can be automated, and data does not have to be manually entered into the system at both ends of the chain. Automatic integration can consist of, for example, sending a waybill from supplier to consignee – in an electronic waybill, not only the product data but also the full origin of the raw material can be sent to the consignee.



Case Eriwood

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Case Eriwood

Eriwood Petersson AB is a Swedish family-owned company active in the Nordic timber trade. The company acts as a broker for wood products, among other things. So the certification requirements do not affect the company directly, but cooperation with wood processors and suppliers requires traceability of the origin data as part of the chain. Eriwood adopted Timber by Pinja in 2023 as part of its efforts to improve data collection and reporting.

The system has made it easier for Eriwood to collect data on purchases and sales, and it has been easy to generate the reports needed for certifications based on existing data. It enables centralized entry of the necessary information, for example, on purchases and sales, as well as the origin and delivery of the materials to be transferred.

Timber by Pinja has been a great support to the company in managing information and harmonizing practices. The system has enabled the company to maintain good data traceability.

“Timber by Pinja has been a valuable tool for data collection, and makes our work more efficient on a daily basis. Up-to-date and verifiable information about our partners and the products we sell is essential to our operations.”
Magnus Petersson, CEO

Next, the company will focus more on streamlining data processing and structuring data for future needs. Timber by Pinja has significantly reduced manual work. The aim is to fully automate the reporting process, which would further improve efficiency.

Read more about Eriwood’s collaboration with Pinja →

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EUDR-related materials

Webinar recording: The EUDR and EUDR Information System – Key Takeaways for the Wood Industry Right Now

Webinar recording: EUDR status update and best practices for preparing for regulation in the wood industry

Webinar recording: Deforestation Regulation (EUDR) and Sustainability Reporting Directive (CSRD)

Mikä on EUDR? Tärkeimmät vaatimukset ja vaikutukset

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Pinja is your partner in industrial digitalization, knowledge management, and artificial intelligence. Our clients are industrial and digital organizations that want to use software, AI, and new business models faster and more efficiently than their competition.

We are a sustainable partner. By improving the efficiency our clients, we help them do business more sustainably in a world where sustainable solutions are needed now more than ever.

Pinja employs 550 IT professionals serving leading industrial clients in 30 countries. The company has a turnover of 60 million euros.

Discover Pinja's solutions for the wood industry:
Timber by Pinja | Forest by Pinja | Terminal by Pinja

Are you considering the EUDR Deforestation Regulation or other reporting requirements? Contact us!

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