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Your Guide To Enhanced Traceability:

Reduce Costs, Drive Growth
and Avoid Penalties

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Introduction

Traceability is more than a compliance requirement - it's a critical component of a resilient, efficient, sustainable and profitable supply chain. In fact, 94% of businesses believe that global traceability will become more crucial within the next three years. And as global regulations tighten, businesses must ensure they have full visibility into their supply chains, not only to meet compliance requirements but also to drive operational efficiencies and secure their market position.

Regulations such as the EU Deforestation Regulation (EUDR), the Corporate Sustainability Due Diligence Directive (CSDDD), and the Corporate Sustainability Reporting Directive (CSRD) highlight the growing need for businesses to provide verifiable proof of ethical sourcing, environmental impact mitigation, and human rights due diligence.

Beyond compliance, traceability serves as the foundation for broader business efforts, including **risk management**, **supply chain resilience**, **product safety**, and **responsible sourcing** - ensuring that sustainability and ethical commitments are both credible and actionable. Without solid traceability, risk management and reporting face challenges with integrity and accountability.



Risk management



Supply chain resilience



Product safety



Responsible sourcing

94%

of businesses believe that global traceability will become more crucial within the next three years.

Source: Top 5 Trends for 2024: The importance of end-to-end traceability in today's supply chain

The Countdown to EUDR Compliance

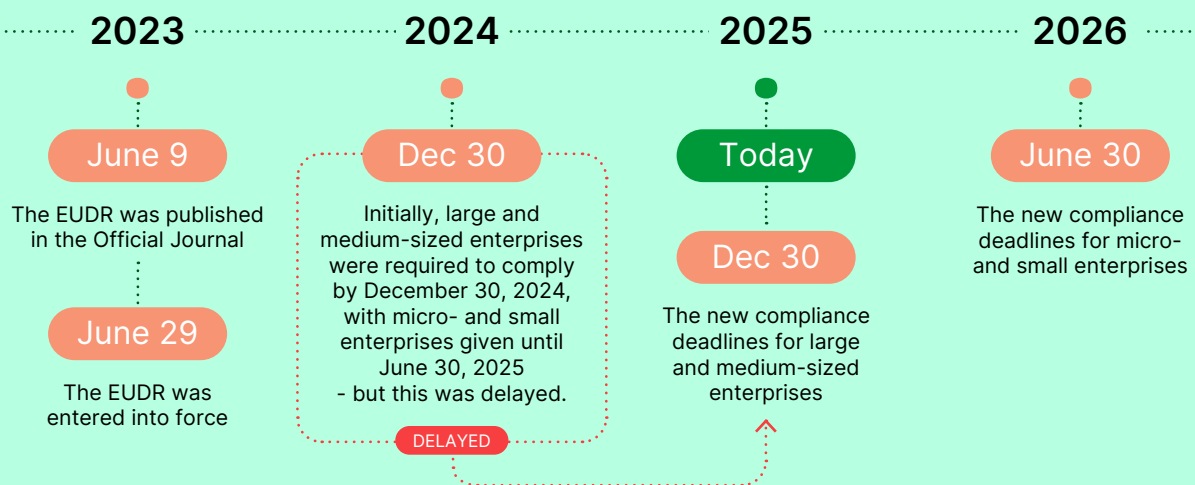
With the European Union Deforestation Regulation (EUDR) enforcement deadline fast approaching (30th December 2025), companies must act now to ensure compliance.

The EUDR aims to eliminate deforestation-linked products from the EU market, making it essential for businesses to verify and document the origins of key commodities such as:



Non-compliance can lead to supply chain disruptions, financial penalties and reputational damage.

The Timeline to EUDR Compliance



Note: The Regulation on deforestation-free products repeals the EU Timber Regulation (EUTR). For timber products produced before the entry into force of the EUDR on 29 June 2023, the EUTR will continue applying until 31 December 2027. For other products and timber products produced after entry into force of the EUDR, the EUTR will be repealed when the EUDR enters into application.

Key requirements under the EUDR include:

- Geolocation Data [Article 9 (1(d))]: Businesses must provide the exact geolocation of land where raw materials were harvested or raised, ensuring traceability back to the source.
- Due Diligence Statements (DDS) [Articles 4 & 5]: Non-SME operators / Traders need to submit verifiable due diligence statements on the EU Traces system (Traces NT) confirming that their products do not contribute to deforestation.
- Supply Chain Risk Assessments [Article 10]: Businesses must actively monitor their supply chains, identifying and mitigating risks associated with deforestation.
- Compliance Verification [Articles 14 & 16]: Regulatory authorities will enforce strict compliance checks, with companies needing to maintain and present traceability data upon request.
- Volume of Checks by Risk Level [Article 16]: Authorities will conduct checks based on the risk classification of products - checking 9% of operators making available / placing on the market or exporting products from high risk countries / regions, 3% of volumes from standard risk countries, 1% from low risk countries. An initial draft outlining the proposed country risk benchmarking will be announced in April, with final publication expected by the end of June.





Failure to comply with these requirements can have significant consequences [covered in Article 25 (2)], including:

- **Penalties & Fines:** Non-compliance could lead to financial penalties, potentially amounting to up to 4% of a company's EU annual turnover.
- **Trade Restrictions:** Non-compliant goods will be denied entry into the EU, leading to financial losses and supply chain disruptions.
- **Reputational Damage:** Brands associated with deforestation risk losing consumer trust, which can impact sales and long-term business viability.

Businesses across Europe and producer countries are still stepping up their game in preparation for the implementation of the EUDR, despite its one year delay. With enforcement dates set for December 2025 for large companies and June 2026 for SMEs (unless they have been in-scope of EUTR, in which case the due date is also December 2025, regardless of company size), the regulation is reshaping how EU operators approach compliance.

It should be noted that the regulation applies to goods placed on the market from 30 December 2025. This means that companies with large stock balances, or who are placing orders for goods now, need to ensure that they have full traceability information on the supply chains if there is the chance that the products will be made available on the market for the first time after December 2025.

While this additional time offers a window to prepare, the complexity of aligning with EUDR requirements means no time should be wasted. Recent conversations with customers across the EU revealed:

“Our customers are asking us to prove we can help them to be compliant now. They are not waiting until the end of 2025 so we can’t either.”

EUROPEAN TIMBER TRADER

“The EUDR may be delayed, but we have worked hard to ensure we can meet new requirements and see a huge competitive advantage in being able to do so.”

SOUTH AMERICAN EXPORTER /
EUROPEAN IMPORTER

“We’re going to use the time to become a leader in how we’re setting up for EUDR. We know that doing so now will give us a real competitive edge.”

EUROPEAN BUILDERS MERCHANT

Whilst some see the introduction of regulation as a burden, with concerns around the efforts and time to prepare, others see the implied traceability as a business requirement. That is why in this guide, we explain how businesses can use traceability to **reduce costs, drive the topline** and **avoid jail** so you too can reap the benefits of increased traceability.

Expect to also see advice from industry experts from Soil Association Certification, Preferred by Nature, DoubleHelix Tracking Technologies, Ingenieursbureau Evan Buytendijk, Orbify and Carbon Quota, where they cover supplier engagement, the role of AI and how to build trust.



Saving Money with Supply Chain Traceability



Regulatory compliance is considered a costly and resource-intensive process, particularly for businesses navigating multiple regulatory frameworks. However a [recent study by Profundo](#) found the costs of EUDR compliance are negligible, on average 0.10% as percentage of annual revenues for large companies and SMEs.

Implementing robust supply chain traceability is not just about meeting regulatory requirements – it's also a smart financial strategy. By enhancing visibility across your supply chain, businesses can reduce compliance costs in a variety of ways:

1 Boosting Operational Efficiencies

According to IDC, process inefficiencies can [cost companies 20% to 30%](#) of their annual revenue and waste 26% of an employee's workday.

Real-time insights into supply chain processes enable businesses to optimise production, minimise waste, and eliminate costly inefficiencies. By continuously monitoring supplier performance, organisations can proactively address potential issues before they escalate, reducing downtime and improving overall productivity.

Advanced traceability solutions also streamline workflows, integrating seamlessly with existing operational systems. This enables businesses to enhance resource allocation, track production progress more accurately, and make data-driven decisions that drive efficiency gains.

20-30%

According to IDC, process inefficiencies can [cost companies 20% to 30%](#) of their annual revenue and waste 26% of an employee's workday.

Source: <https://www.reckonfs.com/post/3-efficiency-drains-that-cost-companies-millions>

2 Gaining Visibility on Suppliers and Products

Many organisations operate within fragmented supplier networks, making it challenging to track sourcing origins and compliance statuses. Interu centralises supplier and product data, providing a single source of truth for businesses to monitor and manage their supply chains effectively.

To add to this, internal company systems also often operate in silos, leading to redundant sourcing efforts and inefficiencies. By implementing traceability solutions, businesses can eliminate duplication, saving both time and money while ensuring supplier accountability.

3 Pre-Screening for Risk Management

Identifying risks before finalising supplier contracts is crucial to preventing costly penalties and reputational damage. Traceability solutions allow businesses to assess supplier compliance in advance, ensuring partnerships are established only with reliable and responsible entities.

Proactive monitoring systems provide real-time alerts on potential risks, such as environmental violations or human rights concerns, enabling businesses to act swiftly and mitigate threats before they impact operations or brand reputation.



EUDR compliance is no walk in the park. For companies managing messy supplier networks - many still stuck in spreadsheets and email chains - it can be a real headache. The old tools are useless. The smart move? Modern traceability solutions. They flag deforestation risks fast, prove compliance without overwhelming suppliers, and keep things running smoothly. With real-time monitoring, intuitive reports, and satellite-powered insights, you can stay one step ahead - and only work with partners you trust. Because let's be clear: Non-compliance means massive fines, lost products, and getting locked out of EU markets. Work smarter. Stay compliant. Ditch the spreadsheets.

Jakub Dziwisz,
CEO,
Orbify

orbify



4 Cost Efficiencies Through Data Sharing

Interu's ability to facilitate data sharing across various compliance requirements, reduces duplication of efforts and improves the integrity of reporting, which results in further cost efficiencies.



By adopting a collaborative audit approach, local companies can reduce costs significantly. This streamlined process - offering comprehensive reports, sub-reports, and photographic evidence - also enhances efficiency for sawmills as it consolidates multiple audit requests into a single visit, saving time and resources across the supply chain.

Eduard de Boer,
EUDR Expert,
Ingenieursbureau Evan Buytendijk



5 Integrations and Data Exchange

Seamless integration with external platforms is essential for maximising the value of traceability systems. Interu offers API-based connectivity with key regulatory and data platforms such as Traces NT (the EU's system for EUDR compliance), GIS services, and AI efficiency tools, and with integration underway with standards databases such as FSC's certificate check and FSC Trace. These integrations facilitate smooth data exchange and enhanced interoperability across compliance frameworks.

By automating data synchronisation, businesses can reduce manual entry errors, streamline reporting processes and maintain consistent and accurate records. API connectivity also enables companies to leverage existing digital infrastructure while expanding their traceability capabilities.



Effective data systems are critical to saving time, enhancing quality, and providing peace of mind. Interu is uniquely positioned as a traceability platform, offering unmatched scalability, robust data security, and seamless integration with both internal company systems and external databases.

Darren Thomas,
Co-Founder and CEO,
DoubleHelix Tracking Technologies.





ADDITIONAL READING

Save time and improve accuracy with Interu's Integration with Traces NT

Streamline your EU Deforestation Regulation (EUDR) compliance with Interu's integration with Traces NT. Automate due diligence statements, manage geolocation data, and instantly retrieve DDS reference numbers within one system. Eliminate manual processes, ensure accurate submissions, and avoid penalties with real-time tracking and efficient supply chain oversight.

[Read more →](#)

6 Saving Time on Audits & Verification

Transparent traceability systems streamline audit processes and reduce the time required for audits and verification. Businesses equipped with reliable traceability solutions can quickly provide auditors with verifiable data, ensuring seamless compliance assessments and minimising disruptions.

Additionally, sustainability claims are substantiated with accurate, real-time data, protecting brand integrity and enhancing consumer trust. This reduces the risk of greenwashing accusations and strengthens corporate sustainability commitments.



Audits can be complex and fragmented, with information coming from multiple sources - policies, interviews, and various forms of documentation. Without a system in place, it's incredibly difficult to bring it all together. A digital traceability solution helps structure this information so everything is in one place. Not only is this a good way to manage risk and identify potential issues, but it also makes the audit process significantly faster and easier.

Wendi Niu,
Sustainability Innovation Lab Manager,
BSI (The British Standards Institution)

bsi.



7 Saving time on checks from Competent Authorities

As detailed on p. 7, the formal legal text places obligations on Competent Authorities to check up to 9% of operators or quantities of goods related to products from high risk countries or regions.

We know from EUTR and UKTR enforcement investigations how time consuming (and stressful) such checks are for operators. They can be a major disruption to businesses. We also know from several Competent Authorities themselves, how time consuming and administrative the investigations are for them. With input from such Competent Authorities, Interu has been designed to make data sharing with enforcement much easier and more structured, saving both sides (the operator and the competent authority) much paper work and searching for evidence and data across different systems.

8 Avoiding Fines & Regulatory Penalties

Non-compliance with regulatory requirements can lead to severe financial penalties, trade restrictions and reputational damage.

However organisations should also be cautious when looking to technologies like AI to automate these processes. As EUDR Specialist, Eduard de Boer from Ingenieursbureau Evan Buytendijk shared with us:



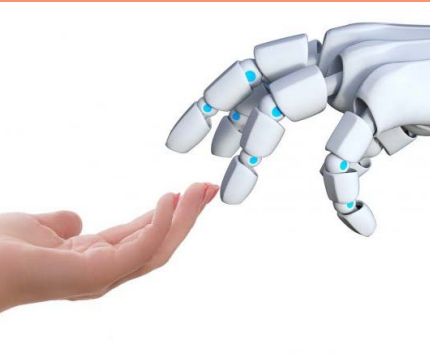
AI is incredibly useful, but it has limits - especially when it comes to risk assessment. Some companies are marketing AI as a decision-making tool, claiming it can deliver compliance with a “green check mark.” That’s a dangerous oversimplification. Take the Netherlands’ competent authority as an example. They’ve made it clear they won’t accept risk assessments based on AI alone. Even if an AI system is vetted by accountants, those accountants won’t be paying the fines if something goes wrong.

Eduard de Boer,
EUDR Expert
Ingenieursbureau Evan Buytendijk



By using AI as a co-pilot when it comes to automating repetitive tasks and gathering information, Interu provides comprehensive due diligence, helping businesses stay ahead of compliance requirements while ensuring seamless alignment with global standards.

This proactive approach safeguards operations, reinforces market credibility and fosters long-term business resilience.



ADDITIONAL READING

AI and Supply Chain Management: An Interview with Eduard de Boer

Explore insights from Eduard de Boer on AI in supply chain management, supplier fatigue, and balancing innovation with compliance under EUDR. Practical tips for smarter solutions.

[Read more →](#)



Driving Revenue Growth with Traceability:

Turning Compliance into a
Competitive Advantage

Traceability not only helps businesses avoid financial pitfalls but also serves as a powerful driver for revenue growth. By implementing robust traceability measures, companies can unlock new market opportunities, enhance brand reputation and substantiate sustainability claims - ultimately strengthening their competitive edge.

1 Expanding Market Access

Companies that proactively meet stringent traceability requirements outperform non-compliant competitors by:

- Securing uninterrupted or new market access amid shifting regulatory landscapes.
- Reducing the risk of trade barriers, recalls, and supply chain disruptions.
- Attracting global buyers who prioritise transparency and compliance in their sourcing decisions.



The introduction of a due diligence system will help to enhance the transparency required today for credible supply chain management, benefitting not just us, but everyone along the chain. Our recent commitment to this has already received favourable feedback from EU and UK customers.

Malaysian Timber Exporter

2 Enhancing Brand Reputation

Consumers today are more informed and value-driven than ever before. They actively seek brands that align with their ethical and sustainability preferences. Verified traceability reinforces a company's commitment to responsible sourcing and:

- Builds customer trust and long-term loyalty.
- Differentiates brands in a competitive marketplace.
- Strengthens relationships with stakeholders, including investors and business partners who prioritise ESG standards.

For example Drax, the operator of the UK's largest power station, [faced a £25 million fine](#) for misreporting sustainability data related to its imported wood pellets. The penalty triggered a sharp decline in investor confidence, wiping £150 million off the company's market value and underscoring the significant financial risks associated with poor sustainability disclosure.



As the link between commodity production and forest loss becomes clearer, so is the expectation on brands to address deforestation risks in their own supply chains. EUDR alignment is a legal minimum for many companies, but it also presents an opportunity to improve sustainability outcomes. With proper due diligence, companies can accurately identify their strengths and weaknesses, enabling credible communication that builds consumer trust.

Maggie FitzHerbert,
Senior Responsible Sourcing Manager,
Soil Association Certification



3 Evidencing Sustainability & Ethical Claims

Companies with comprehensive traceability frameworks can confidently market their sustainability initiatives, effectively attracting eco-conscious consumers and investors. It enables businesses to:

- Validate ethical and sustainable sourcing claims with verifiable data.
- Meet increasing consumer demand for transparency in supply chains.
- Demonstrate proactive adherence to environmental and human rights standards.
- Refute any substantiated claims made against you as a company.

In 2024, Unilever revised its sustainability targets, including adjusting its goal to reduce virgin plastic use by 30% by 2026. This strategic shift led to a recovery in its stock price, reflecting investor approval.

CARBONQUOTA

“Reducing emissions creates opportunities in a low-carbon economy. We have seen an increase in organisations making the most of well-crafted green claims – backed by science – which gives their customers extra confidence. As the whole supply chain is being asked to be more and more transparent, those that respond are holding onto existing customers and winning new ones.”

NATHAN TILLER,
CO-FOUNDER,
CARBON QUOTA



Implementing robust due diligence and traceability systems lays a foundation for regulatory compliance, in relation to the laws such as the EU Deforestation Regulation, but also others that relate to human rights due diligence, corporate sustainability reporting and the growing number of green claims (anti-green washing) laws. However, such actions go beyond regulatory compliance, by creating structures for companies to understand their impacts and to facilitate the flow of sustainability-relevant data along value chains. Taking a proactive approach to implementing due diligence and traceability systems enhances a company’s reputation and trust with stakeholders, inevitably opening new market opportunities by aligning with global sustainability initiatives.

David Hadley,
Director, Regulatory Impact Programme,
Preferred by Nature



How Interu Supports Businesses

Interu enables businesses to maintain momentum and avoid delays caused by regulatory uncertainty. With our advanced solution, companies can confidently navigate compliance challenges while unlocking growth opportunities.

By prioritising traceability, businesses not only safeguard themselves from financial and legal risks but also position themselves for sustainable growth and long-term success.



Staying Out of Jail

Legal & Compliance Risks in Supply Chains

Regulatory non-compliance can have severe legal consequences, ranging from financial penalties to criminal prosecution. Ensuring compliance with regulations such as the EUDR and other industry-specific legal frameworks is critical to mitigating risks and safeguarding business operations. Below are five key reasons why businesses must prioritise regulatory adherence:

1 Avoiding Criminal Proceedings

Failure to comply with regulatory requirements, such as EUDR, can expose businesses to legal action, substantial fines and even executive liability. In some cases, business leaders may face personal accountability, including criminal prosecution, for regulatory breaches. By maintaining full compliance, companies protect their executives from legal repercussions and uphold corporate integrity.

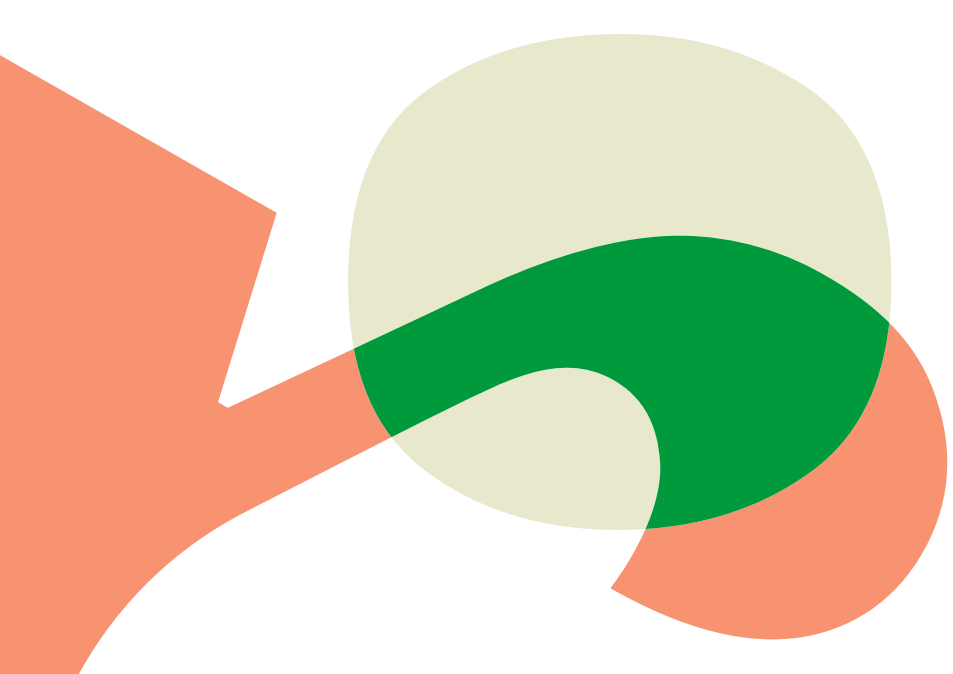
A recent example is Poole-based luxury yacht maker Sunseeker International Limited, [which was fined £240,000](#) after pleading guilty to breaches of the UK Timber Regulation. The company failed to conduct due diligence and maintain proper records for timber imports in 2021 and 2022, including Teak from Myanmar, Wenge from Africa and Oak from Europe. The investigation, led by the Office for Product Safety and Standards (OPSS), resulted in additional penalties, including a £66,950 confiscation order and £51,619 in prosecution costs.

2 Preventing Goods Seizure & Supply Chain Disruptions

Non-compliant goods risk being seized at international borders, leading to costly supply chain disruptions, or fall victim to costly demurrage fees if goods do not have the necessary documentation to pass customs. This not only results in financial losses but also delays in fulfilling customer orders, potentially harming business relationships.

For example, in [2022 two individuals](#) were convicted of importing teak from Myanmar into the Netherlands via the Czech Republic in breach of the EU Timber Regulation - resulting in hefty fines and community service. Unconditional imprisonment would have usually been appropriate for such offenses but not given due to the extended duration of the legal proceedings in its sentencing.

Implementing a robust traceability system ensures that all products meet regulatory standards, preventing costly operational setbacks and ensuring maximise organisational efficiencies.



3 Maintaining Business Licenses & Market Legitimacy

In highly regulated industries, failure to provide adequate traceability can result in losing the right to trade. Governments and regulatory bodies may revoke business licenses if companies fail to meet compliance requirements. By proactively investing in compliance mechanisms, businesses secure their operational legitimacy and maintain access to key markets.

4 Reducing the Risk of Fines & Legal Settlements

Regulatory fines for non-compliance can reach millions of dollars, significantly impacting a company's financial stability. Additionally, legal settlements resulting from non-compliance claims can be both costly and damaging to a company's reputation.

Beyond financial penalties, company directors found to be in breach of the EUDR, or similar sustainability laws, may face disqualification from holding future directorship positions. Regulatory authorities have the power to ban individuals from serving as company directors, particularly if they are found to have knowingly neglected due diligence responsibilities. This can have long-term career consequences, limiting opportunities within corporate leadership and exposing individuals to personal liability.

Ensuring full compliance not only protects a company's bottom line but also safeguards its leadership from legal and reputational risks.

5 Strengthening Legal Defensibility

A well-documented traceability system serves as strong evidence of compliance, offering businesses a solid legal defense against regulatory claims. By maintaining accurate records and transparent supply chain data, companies can demonstrate due diligence in the event of audits, investigations, or legal challenges. This proactive approach reduces exposure to legal liabilities and reinforces regulatory adherence.

The Strategic Importance of Traceability in EUDR Compliance

As businesses navigate the complexities of the EU Deforestation Regulation, the need for robust traceability has never been greater. Dominic von Trotha Taylor, CEO and Chairman at iov42 | Interu, emphasises the urgency for companies to prioritise transparency - not just to meet compliance requirements, but to unlock long-term competitive advantages.



In today's rapidly evolving regulatory and consumer landscape, businesses can no longer afford to treat sustainability and ethical sourcing as optional. The urgency to act is clear - companies that embrace robust traceability solutions now will not only ensure compliance but also gain a competitive edge in an increasingly transparent marketplace.

We are already seeing industry leaders integrating digital traceability systems to enhance supply chain visibility, strengthen customer trust, and unlock new market opportunities. Those who move proactively will be the ones to reap the greatest rewards - greater brand loyalty, investor confidence, and long-term resilience.

Now is the time to act. Traceability is more than a compliance requirement; it's a strategic advantage that will define the future of responsible business.



Dominic von Trotha Taylor,
CEO and Chairman at iov42 | Interu

Steps to Prepare for EUDR Compliance

The following steps are designed to help organisations prepare for EUDR compliance - from defining product scope to engaging stakeholders - helping your organisation meet regulatory standards while maintaining efficient operations.

By following these steps, you can reduce compliance risks, strengthen supply chain transparency, and position your business for long-term success under the EUDR framework.

6 Steps to Prepare for EUDR Compliance

1 Define Product Scope

- Identify which products fall under EUDR regulations, including any that require special consideration during transition periods.
- Clarify compliance deadlines and any exemptions that may apply.

2 Organise and Assess Data

- Ensure your data is structured and meets minimum compliance requirements.
- Map out the necessary steps to collect, verify, and maintain required information.
- Establish clear protocols for data accuracy and accessibility.

3 Engage with Suppliers

- Communicate the importance of EUDR compliance to your suppliers.
- Provide clear expectations on documentation timelines, including potential reference numbers.
- Equip suppliers with tools and procedures to streamline compliance in a way that benefits them as well.

4 Optimise Workflows and Systems

- Assess existing systems (ERP, supply chain management, etc.) to understand current data formats and storage locations.
- Develop a strategy to integrate existing data flows with new EUDR requirements, minimising redundancy and unnecessary costs.

5

Train and Educate Internal Teams

- Ensure leadership understands the risks of non-compliance and the benefits of timely preparation.
- Educate teams on traceability benefits, such as supplier pre-screening, product safety initiatives, and customer engagement opportunities.

6

Engage Key Stakeholders

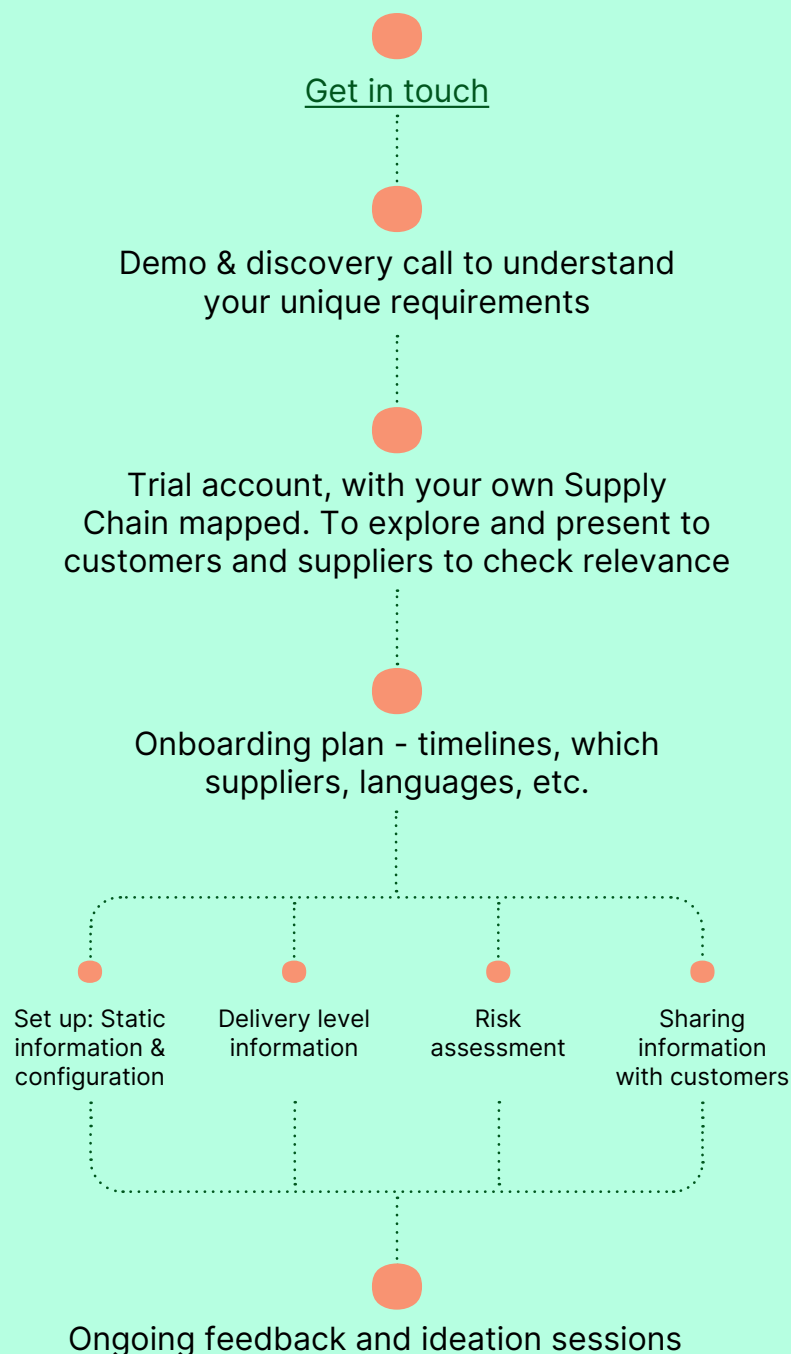
- Identify what customers and business partners need from you for their EUDR compliance.
- Determine if their customers must also meet EUDR requirements and explore opportunities for mutual support.
- Strengthen collaboration to ensure a smooth compliance process for all involved.



Getting Started with Interu

At Interu, we make supply chain transparency simple and effective. Whether you're exploring our platform for the first time or ready to dive into implementation, our tailored onboarding process ensures a smooth transition. From an initial demo to mapping your unique supply chain and engaging your stakeholders, we work with you every step of the way.

Here's how we help you get started.





About Interu

A traceability solution from iov42, Interu empowers users to securely and efficiently gather, verify, and share essential information across complex supply chains, all while ensuring privacy. Whether to meet ESG regulations, conduct risk assessment or screen new suppliers, Interu offers a streamlined, secure approach to supply chain data management.