

The SAP logo, consisting of the letters 'SAP' in white on a blue background.The AAK logo, consisting of the letters 'AAK' in white on a blue background.

EU Deforestation Regulation Compliance - SAP Green Token

AAK's journey to tackle the upcoming EU regulation by making the decision to implement SAP Green Token as the enabler.

Key finding and takeaways (big decisions) that impacted the project and the way the SAP Green Token has been utilized

Challenges faced throughout the project and mitigation decisions taken

300+

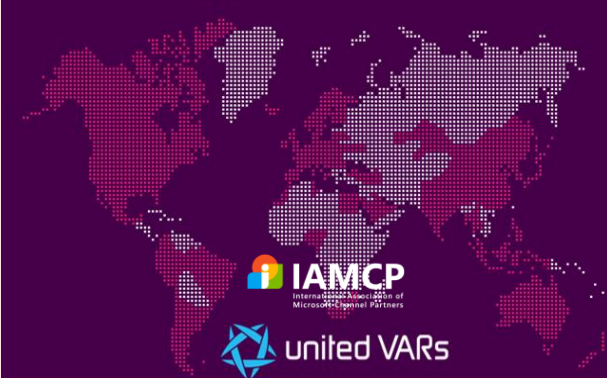
EMPLOYEES

500 msek

TURNOVER



BUSINESS SYSTEMS THAT REALIZE YOUR GROWTH



GLOBAL PARTNER



SWEDEN'S LEADING
ERP PARTNER

IMPLEMA WAY



OUR EXPERTISE

- SAP
- Dynamics 365
- Data & Analytics
- AI & Automation
- Integrations
- Technology
- Business Transformation

implema



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Founded: **2005** (merger of Aarhus United & Karlshamns AB)

Headquarters: **Malmö, Sweden**

Employees: **~4,000** across **25+ countries**

CORE BUSINESS SEGMENTS:

FOOD INGREDIENTS – BAKERY, DAIRY, PLANT-BASED FOODS

CHOCOLATE & CONFECTIONERY FATS – SPECIALTY FATS FOR CHOCOLATE AND SPREADS

TECHNICAL PRODUCTS & FEED – CANDLES, ANIMAL FEED, INDUSTRIAL APPLICATIONS



WHY IS DEFORESTATION AN URGENT MATTER? FOREST PRESERVATION IS CRITICAL FOR SUSTAINABILITY

10%

Forest & Climate Action

10% of global emissions can be attributed to deforestation. While forest could provide up to 30% of the solution to keeping global warming below 2°C.

80%

Forest & Biodiversity

Forests cover nearly 31% of the world and are home to more than 80% per cent of all terrestrial species of animals, plants and insects.

90%

Forest & Local Communities

90% of people living in extreme poverty depend on forest for a part of their livelihood. Additionally, forest degradation increase exposure to water scarcity, floods and fires.

[For more information 1 & 2.](#)



[For more information.](#)



[For more information.](#)



WHAT IS EUDR ABOUT?

EUROPEAN UNION DEFORESTATION REGULATION



European Union Deforestation Regulation (EUDR) is the new **mandatory** regulation to ensure that **products sold in the EU do not contribute to global deforestation** or forest degradation.



Fines proportionate to the environmental damage and the value of the commodities **up to 4 % annual Union-wide turnover**.



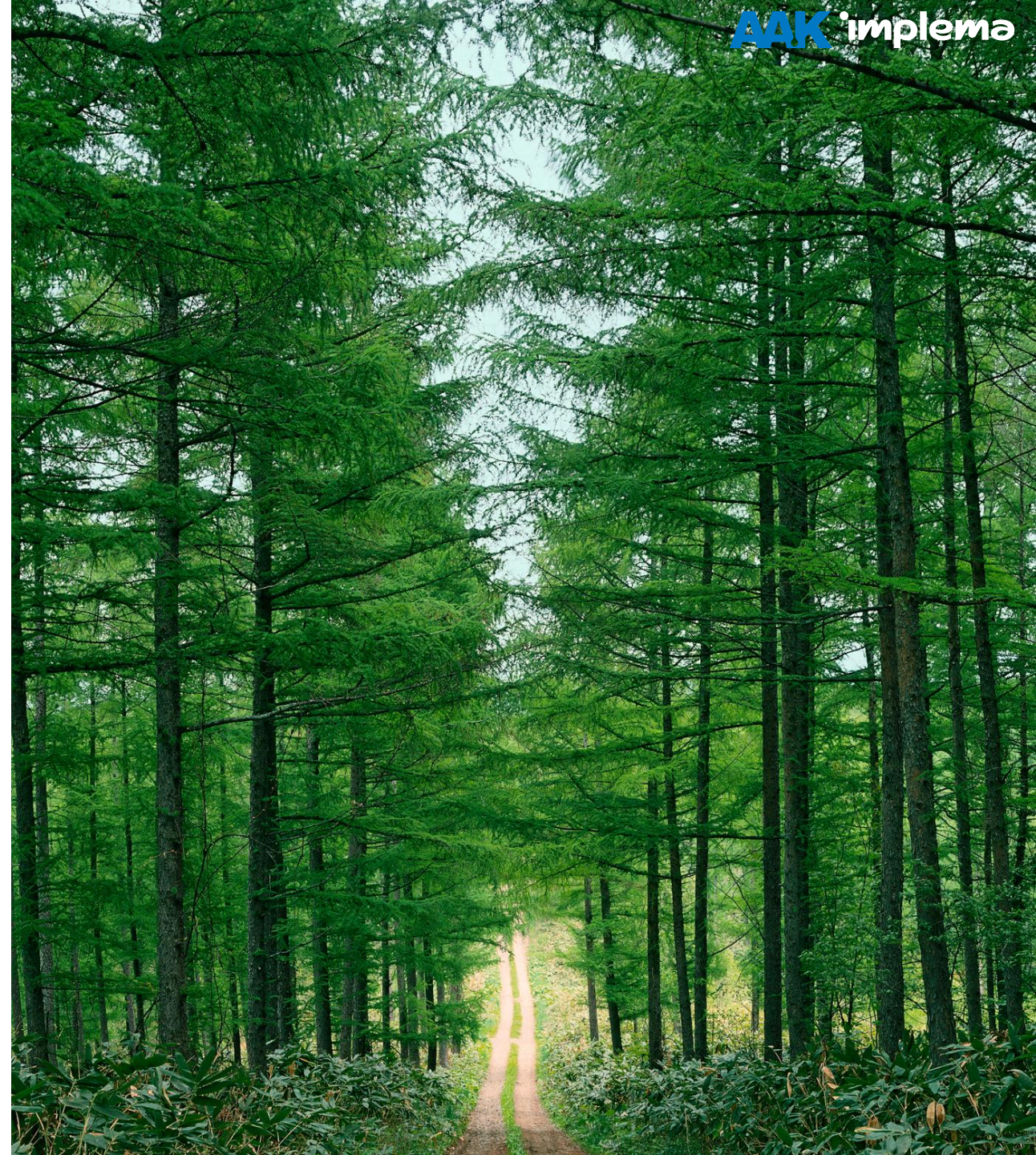
Implication for Operators and Traders in Scope

Information Requirements

- ☐ Documentation retention from suppliers - Risk Assessment and Mitigation
- ☐ Sustainability - and **transactional** information management
- ☐ Due Diligence Statement management

TRACES platform – new application from EU

- ☐ Geolocation data
- ☐ Commodity data
- ☐ Chain of custody proof for produced products (aka associated Ref numbers)



Products covered by the EUDR

Background Information



Regulation name:	Regulation (EU) 2023/1115
Application date:	December 30, 2025 for large operators June 30, 2026 for SMEs
Targets:	(1) Reduce contribution to global deforestation and forest degradation (2) Reduce EU greenhouse gas (GHG) emissions (3) Counteract biodiversity loss
Geographical coverage:	Covers all relevant commodities and products placed on or exported from the EU market, regardless of origin
Non-compliance risk:	Fines: up to 4% of annual EU turnover Other risks: product seizure, exclusion from public procurement, reputation damage

Material Scope (Article.1, ANNEX 1)



Palm oil



Wood



Cattle



Rubber



Soy



Coffee



Cocoa

...and products derived from the listed commodities such as **beef**, leather, chocolate, furniture, paper, rubber tiles, and so on.

Valid for all products:

Available on the EU market

Exported from the EU

GREENTOKEN BY SAP

SAP GREEN TOKEN IN A NUTSHELL

SAP Green Token is a software-as-a-service cloud solution that **traces raw material flows** and **provides traceability and transparency** to **Environmental, Social, and Governance (ESG) attributes** across the supply chain.

- Generating and submitting due diligence statements to the EU TRACES database
- Validating data completeness and version control
- Tracking raw materials across production and conversion processes
- Retaining auditable chain-of-custody records
- Communicating DDS references with downstream customers
- Supporting traceability across complex organizations, including commingled commodities (Intercompany movements)



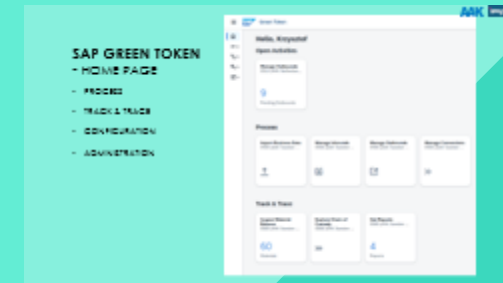
SAP Green Token for EUDR Deforestation-free Palm



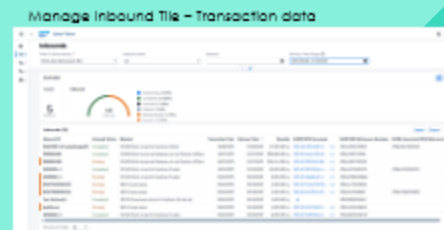
SAP GREEN TOKEN

4 MAIN SECTIONS TO NAVIGATE THROUGH:

- PROCESS
- TRACK & TRACE
- CONFIGURATION
- ADMINISTRATION



VISUALS



SAP GREEN TOKEN – TRACES CONNECTION



Connection to EU EUDR Platform - TRACES

- By connecting SAP Green Token to a TRACES Account, all inbound and outbound deliveries in scope will;
 - Be uploaded to TRACES
 - Checked for acceptance
 - Reference numbers downloaded to SAP Green Token **if compliance is reached**

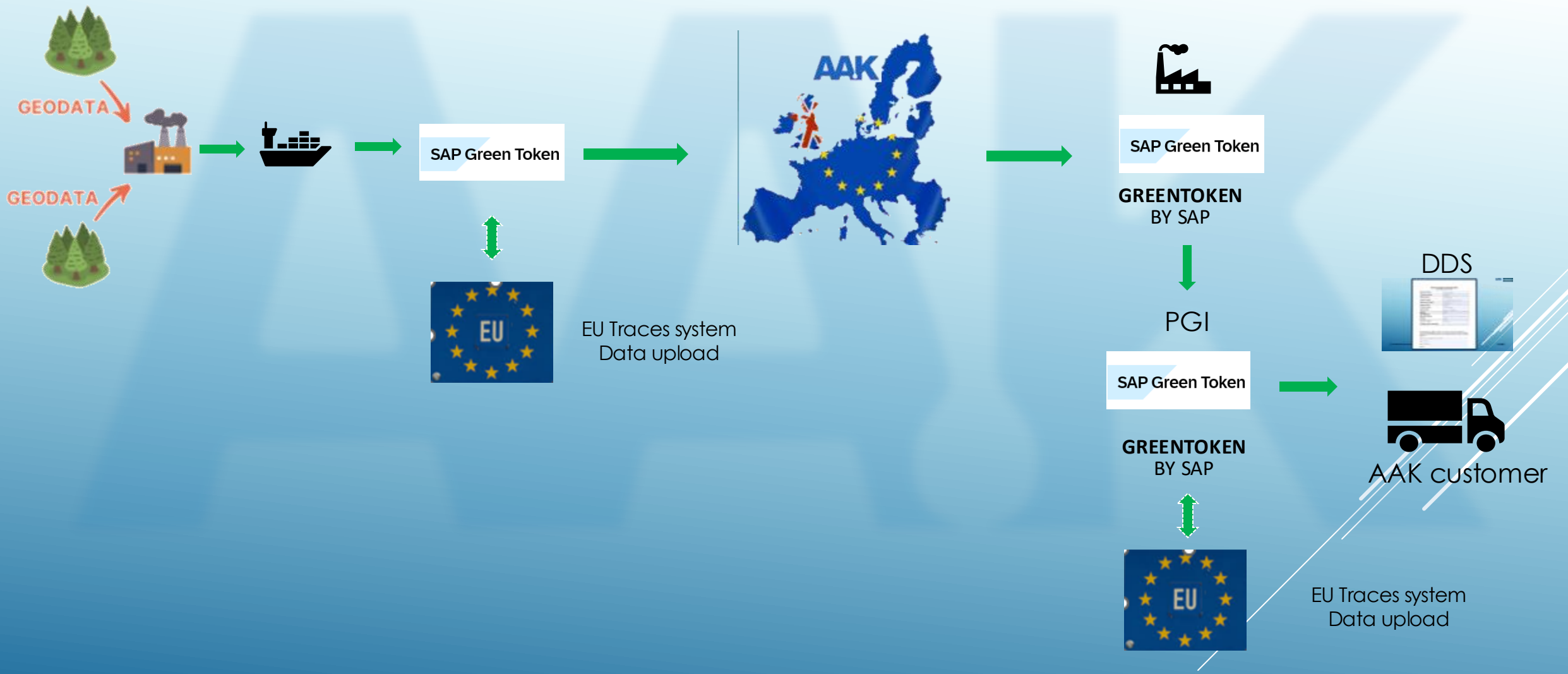


Reference Number	Company Internal Ref	Activity	Commodity(ies) or Product(s)	Status	Submission Date
25DEL4DVB16913	17027	Import	1803 20 Wholly or partly defatted	Available	03/03/2025 09:53
25DETUSP113460	Inbound44	Import	4001 10 Natural rubber latex, whether or not pre...	Available	20/02/2025 11:25
25DEZNZVX13458	17026	Import	1803 20 Wholly or partly defatted	Available	20/02/2025 10:27
25DEBQJZ413353	test11	Export	4702 Chemical wood pulp, dissolving grades	Available	19/02/2025 16:32
25DEBQJZ413353	test11	Export	4702 Chemical wood pulp, dissolving grades	Available	19/02/2025 16:32

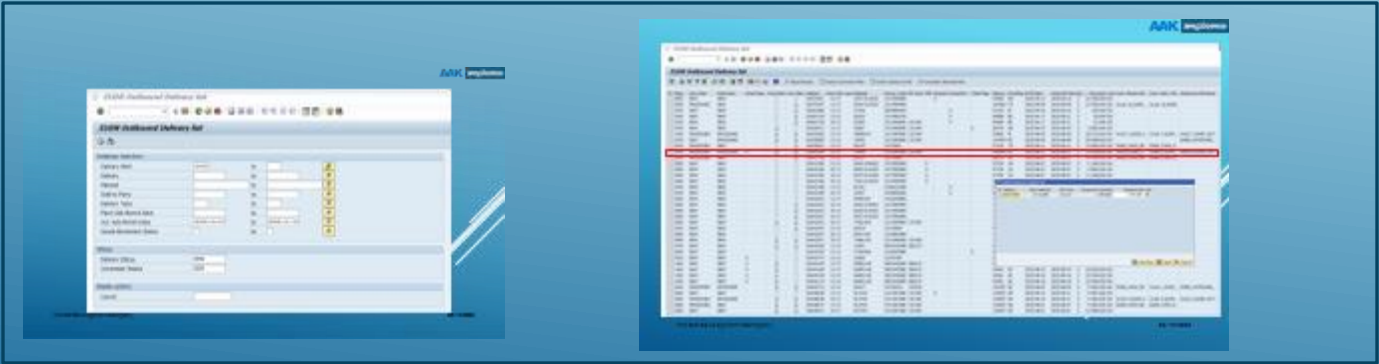
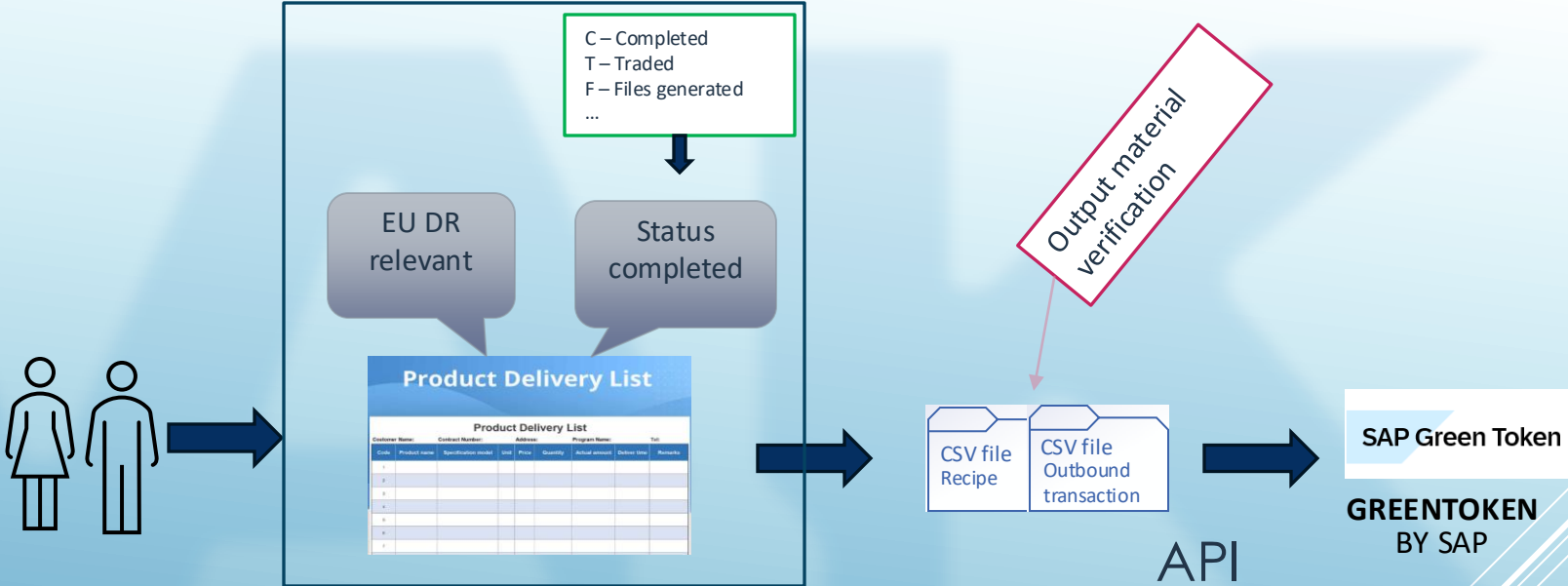


AAK - EU DEFORESTATION REGULATION IMPLEMENTATION

PROCESS FLOW



ERP DEVELOPMENT



MAJOR DECISION POINTS – CONVERSION ‘BLACK BOX’

Conversion of materials in SAP GT

No intermediates

Raw materials -> Finished product

Using standard Bill of Materials



MAJOR DECISION POINTS - MATERIALS

- Multisite transfer of Tokens
- Customer Material Info Record logic – CMIR
- Material Management in two systems



<u>Site</u>	<u>Material code</u>	<u>HS code</u>
Aarhus	62458	151190
Karlshamn	53954	151190

MAJOR DECISION POINTS – FIFO & SHIP TO

- Transfer/burning of Tokens in SAP GreenToken will be done based on First in – First out rule
- Green Token Partners represented by Ship To Parties to determine Export or domestic DDS
- DDS receiver email – part of master data

KEY TAKEAWAYS

- Tricky to utilize Green Token for EUDR compliance without extended ERP logic (API will not solve the problems)
- MVP as project scope
- Legislation interpretation – Project Recourses required who really understands the regulation (politically driven project)
- Detachment between SAP ERP and SAP Green Token
- Deadline as moving target

THANK YOU FOR LISTENING IN!