

EDS Group GmbH Risk analysis – EU Deforestation Regulation (EUDR)

1. Purpose and objective of the analysis

The objective of this analysis is to identify and assess potential risks of non-compliance with the requirements of **Regulation (EU) 2023/1115** on deforestation (EUDR) in the activities of **EDS Group GmbH**. The analysis takes into account the fact that the **EDS Group** operates in several countries—primarily Germany, the Czech Republic, Hungary, Romania, and Poland—and that production flows, supplier relationships, and management structures may vary between plants.

The analysis focuses on processes related to the purchase of raw materials, in particular paper, and their subsequent processing. Its result is to determine the level of risk at each stage of the supply chain and to establish appropriate measures to mitigate or eliminate it. The analysis serves as a basis for the introduction and continuous improvement of a due diligence system so that the company can demonstrate compliance with its obligations under the EUDR.

2. Identification of key risk areas

The EUDR applies to wood and wood-based products, including paper and printed materials. As EDS group uses paper and other cellulose products as its main raw material, it is necessary to pay attention to the following risk areas:

- **Origin of wood used for paper production.** There is a risk that the wood used in paper production may come from areas where deforestation or degradation of forest ecosystems has occurred after the cut-off date set by the Regulation.
- **Legality of raw material harvesting.** It is necessary to verify that the wood has been obtained in accordance with the applicable laws of the country of origin, including harvesting permits, land protection, and the rights of local communities.
- **Traceability of the supply chain to the final product** The EUDR requires the ability to trace the origin of raw materials back to the place of extraction (geolocation). This requires full transparency of the supply chain and the availability of verifiable documents and declarations from suppliers.

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3. Risk assessment and measures taken

Risk factor	Risk description	Action taken/status	Residual risk
1. Origin of paper supplies	Risk of the supplier using timber of unknown or illegal origin	All our suppliers come exclusively from the European area, where the risk of illegal mining is minimal.	Low
2. Wood source	Risk of wood coming from unsustainable or uncertified sources	Suppliers use wood from FSC and PEFC certified forests, or from cultivated stands.	Low
3. Supplier transparency	Risk of lack of transparency or lack of documentation	Suppliers provide all guarantees about the origin of the wood, the legality of harvesting and certifications.	Low
4. Risky country of origin	Risk associated with countries with a higher risk of deforestation	All suppliers are based and manufactured in EU countries that have been designated by the European Commission as low or negligible risk countries .	Low
5. Traceability of Material	Risk of not being able to prove the origin of the paper during the audit	All deliveries are recorded in the Osapiens system and in ERP (Helios) with reference and verification numbers of DDS.	Low
6. Data sharing in the supply chain	Risk of customers or partners not receiving complete documentation	All relevant DDS numbers and declarations are passed on to customers upon request to maintain a complete sequence in the chain.	Low
7. Knowledge and implementation of EUDR requirements	Risk of lack of knowledge of the rules among employees and partners	The company identifies with the requirements of the EUDR and implements them to the highest possible extent. Training takes place regularly.	Low
8. Technical integration and data retention	Risk of loss of information or misregistration	The company uses the Osapiens system and is part of the EU Traces system. The data is regularly backed up and archived for 5 years.	Low
9. Sharing a Due Diligence Statement (DDS)	Risk of incomplete transfer of DDS between links in the chain	The Company collects, checks and collects all DDS, reference and verification numbers and passes them on to customers.	Low

4. Summary and conclusion.

Based on the analysis performed, it was determined that the risk of non-compliance by EDS Group with the requirements of Regulation (EU) 2023/1115 (EUDR) is **low**. This conclusion is based on a combination of factors that together minimize the likelihood of raw materials originating from deforested or degraded areas being used after the reference date.

The key reasons for this assessment are, in particular:

- **Geographic location and nature of the supply market** – input materials (paper and paper semi-finished products) are purchased primarily from suppliers based in the European Union, i.e., in jurisdictions with a low risk of illegal logging and deforestation.
- **Certified origin of raw materials** – most of the paper and pulp products used are certified according to the recognized **FSC** and **PEFC** standards, which provide a framework for proving the sustainable and legal origin of wood.
- **Transparent and stable supply chain** – the group works with long-term verified suppliers who are able to prove the origin of the material, provide related documentation, and meet the requirements for information sharing within the framework of Due Diligence.
- **Deployment of digital tools for traceability and risk management** – supplier data is systematically collected and evaluated using the Osapiens platform and the EU TRACES interface currently under development, enabling compliance with EUDR requirements for geolocation and due diligence declarations.

The EDS Group undertakes to **review this analysis annually** in light of: developments in legislation and related methodological guidelines, changes in the supplier structure and availability of certified sources, customer requirements, and industry standards in the area of sustainability. The aim is to ensure that risk management reflects the current market situation and internal processes and continues to support the responsible and transparent use of forest resources throughout the group.

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Silvia Miklósová, MD


Alexander Kosovský, MD

