



Nespresso EUDR: Aggregated Traceability Approach

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Lineke Roberts, Sustainability Team



EXECUTIVE SUMMARY

The EU Deforestation Regulation (EUDR) introduces stringent traceability requirements to ensure deforestation-free supply chains. Nespresso is committed to full geolocation traceability, requiring all suppliers to capture and provide farm-level geolocation data. The only exception is Ethiopia, where technical limitations prevent geolocation mapping.

To support suppliers during this transition, we are providing access to digital tools such as Enveritas, Koltiva, and OpenSC, along with training and technical guidance. Recognising the challenges of data collection, we allow a transition period for suppliers to comply. In the meantime, aggregated traceability can be used for consignments as an interim solution.

This approach ensures EUDR compliance, mitigates risks associated with aggregated traceability, and reinforces our commitment to sustainable and transparent sourcing.



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OVERVIEW: EUDR

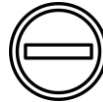
SCOPE + REQUIREMENTS

SCOPE OF COMMODITIES



- **Cocoa** (incl. chocolate)
- **Coffee**
- **Wood** (incl. pulp & paper)
- Palm oil
- Rubber
- Soya
- Cattle (incl. beef & by-products)

PROHIBITION



- Relevant commodities shall not be **imported, placed on, or exported** from, the EU market, unless they;
- are **deforestation-free**
 - have been produced in accordance with relevant **legislation** of production country
 - are covered by a **Due Diligence Statement (DDS)**

RISK MANAGEMENT



Nespresso must monitor & manage **deforestation risks**.

Risk management is done through a Geographic Information System (**GIS**), i.e. using geolocation data.

Non-compliance could result in reputational risk and financial penalties of up to 4% of annual Nestle turnover.

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OVERVIEW: AGGREGATED TRACEABILITY

KEY ASPECTS OF AGGREGATED TRACEABILITY IN EUDR

Who it Applies to



- Specifically designed for smallholder farmers (as defined by the EUDR).
- Intended to reduce the compliance burden on small farms that may lack digital tools or mapping capabilities.

How it Works



- Instead of requiring individual farm geolocation, companies can provide a polygon or geolocation of a defined production area that represents a group of smallholder farms.
- The aggregated data must still be accurate enough to assess deforestation risks.
- The approach relies on deforestation risk analysis at the group level rather than farm-by-farm verification.

Why It Was Introduced



- Recognises the complexity of smallholder supply chains (especially in Africa, where farms can be small and fragmented).
- Aims to balance compliance with practicality, allowing continued sourcing from smallholders without imposing excessive costs.

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RISKS & CHALLENGES

WHILE COMPLIANCE IS EASED, IT'S NOT WITHOUT RISKS

Compliance & Legal Risks



- **Liability for non-compliance:** If any farm within an aggregated area is linked to deforestation, the entire group could be deemed non-compliant.
- **EU scrutiny & evolving regulations:** The European Commission may refine or tighten rules over time, requiring **more granular data**.
- **Proving deforestation-free sourcing:** Without individual farm geolocation, companies must still demonstrate **robust risk assessment and monitoring** to comply with EUDR.

Data & Verification Challenges



- **Accuracy of geolocation data:** Aggregated traceability relies on a defined **production area polygon**, which may **not fully capture individual farm boundaries**.
- **Risk of outdated or incomplete data:** Smallholder farms change over time (e.g., land use shifts, new farmers join cooperatives). Keeping the aggregated dataset up to date is a challenge.
- **Third-party verification complexities:** Monitoring deforestation at the group level still requires **independent verification** and geospatial analysis tools.

Supplier & Farmer Impact



- **Risk of exclusion:** Some smallholder farmers may be left out of supply chains if their region is classified as high risk.
- **Burden of proof:** Farmers may struggle to provide the necessary information, especially if they lack access to **technology, mapping tools, or formal land titles**.
- **Fairness concerns:** If deforestation occurs in part of an aggregated area, **should all farmers in that area be penalized?**



NESPRESSO APPROACH

GEOLOCATION DATA AS A PRIORITY

Nespresso Approach



- **Geolocation-Based Compliance:** Suppliers are required to capture **farm-level geolocation points** rather than relying on aggregated traceability.
- **Risk Mitigation:** Avoiding aggregated traceability minimizes the risk of **non-compliance, inaccurate data, and potential supply chain exclusions.**
- **Transparency & Accountability:** Ensuring **full traceability** from farm to cup enhances **credibility, regulatory compliance, and long-term sustainability.**

Supporting Suppliers with Digital Tools



- **Access to Leading Traceability Solutions:** Suppliers are provided with **Enveritas, Koltiva, and OpenSC** to help with geolocation capture, verification, and compliance monitoring.
- **Capacity Building:** Training and technical support to help suppliers integrate geolocation tracking into their sourcing systems.
- **Continuous Monitoring & Improvement:** Use of satellite data, audits, and digital tools to **track progress, detect risks, and refine processes** over time.

Why this Approach?



- Ensures **stronger alignment with EUDR requirements** and **reduces the risk of supplier exclusion** from EU markets.
- Strengthens **deforestation-free claims** with **farm-specific traceability** rather than broad area-based risk assessments.
- Helps suppliers **future-proof their operations** as traceability expectations continue to evolve.



STRATEGY FOR AFRICA

AGGREGATED TRACEABILITY AS A PLAN B

- **Geolocation Data Requirement:** Like all suppliers, those in Africa must provide **farm-level geolocation data** to ensure full traceability and EUDR compliance.
- **Exception for Ethiopia:** Due to **technical limitations**, Ethiopia is the only exception where geolocation data is not required.
- **Transition Period for Suppliers:** Nespresso acknowledges the **challenges of collecting geolocation** data and allows suppliers time to gather and submit this information over the coming months.
- **Interim Use of Aggregated Traceability:** While suppliers transition, **aggregated traceability can be used for consignments**, with Nespresso supporting through tools like Enveritas.





MONITORING + REPORTING

AN ONGOING, SUSTAINABLE APPROACH TO EUDR COMPLIANCE



- **Geolocation Data Tracking:** Nespresso requires that each farm in the AAA Program has up to date information in Koltiva, including geolocation data. Nespresso will track adherence to this requirement and measure the quality and completeness of data.
- **Deforestation Monitoring with Enveritas:** Enveritas will be utilised to provide comprehensive deforestation monitoring as well as enable suppliers to generate the necessary EUDR consignment documents.
- **Contamination Tracking with OpenSC:** OpenSC will be employed to monitor and track any green coffee volumes that may have been contaminated with coffee sourced from deforested areas. This system will help identify potential risks, support quarantine efforts and help to ensure that all consignments meet EUDR criteria.

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EUDR TRACEABILITY: OUR PATH FORWARD

ENSURING COMPLIANCE WHILE SUPPORTING FARMERS + SUPPLIERS

- **Commitment to Full Traceability:** Nespresso prioritises **farm-level geolocation data** to ensure compliance with EUDR and strengthen supply chain transparency.
- **Supplier Support & Tools:** We provide access to **Enveritas, Koltiva, and OpenSC**, along with **training and guidance**, to help suppliers collect and verify geolocation data, manage deforestation alerts and trace impacted coffee batches.
- **Pragmatic Transition Approach:** Recognising the challenges, suppliers have time to collect data, with **aggregated traceability allowed temporarily** for consignments.
- **Long-Term Sustainability & Compliance:** This approach ensures **regulatory alignment, reduces deforestation risks**, and safeguards access to the EU market while supporting smallholder farmers.

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THANK YOU

LINEKE.ROBERTS@NESPRESSO.COM





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E U D R S U P P L I E R F A Q S

Follow [this link](#) to see the EUDR FAQs for Suppliers.



Nespresso Approach to EUDR Compliance Supplier Frequently Asked Questions

Version 1.0
January 2025





ENVERITAS FARM LIST TEMPLATE

Follow [this link](#) to see the template for uploading AAA farms into the Enveritas portal.

	A	B	C
1	Template for providing Nespresso AAA Farm data to Enveritas		
2			
3	AAA Farm	Farm Area	WKT
4	B1	1.3	POINT (2.334128 48.861484)
5	B2	2.1	POINT (2.321196 48.865554)
6	B3	5.7	MULTIPOLYGON (((2.42093233345939 48.834314044
7	B4	0.6	POINT (2.343044 48.886661)
8	B5	3.8	POINT (2.294491 48.858233)
9	B6	1.5	POINT (2.337291 48.848287)
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