

FOCUS

DANUBE

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SGS

Introduction

Dear Customer,

We've passed the midway point of the 2021 harvesting season in the Danube Region. As this year's results begin to emerge, global agri market players are keeping a close watch – eager to understand the opportunities that will arise from the new production.

Working together, we have local teams operating in Bulgaria, Hungary, Romania and Serbia – that's more than 400 experts operating in the field, at ports, offices and in laboratories. With decades of experience and unparalleled technical know-how, our experts can be trusted to fulfill all your testing, inspection, risk management, fumigation, and market intelligence requirements.

Our team in the Danube region continued investment in innovative technologies demonstrates their commitment to getting better with each passing day. With our experts by your side, your organization will only go from strength to strength.



OPERATIONAL IMPROVEMENTS

Our expert teams in the Danube region have been consistently improving their operations over the past year – and this is set to continue going forward.

SGS in Bulgaria has significantly expanded its scope of accreditations, in Hungary our team has developed its own technology to add value by improving reporting, our experts in Romania are currently working on extending their testing capabilities and our Serbian team has implemented a robust inspection system for grain crops.

These operational improvements and investments have taken our teams in the Danube region to the next level. Now, they can deliver faster, more comprehensive and more valuable services to all their customers

"SGS has become a trusted partner, always delivering high quality service and ensuring the utmost quality of our inspected commodities. Many thanks to the team who are always available and attentive to whatever we need."

Eliza Ciobanu, CHS Agritrade Romania

Execution Manager, Danube Global Grain & Processing

To find out more about how these investments are increasing SGS's agricultural capabilities in the Danube region, keep on reading.

Our Regional Team

Our regional team boast world-class expertise – and are backed up by a truly global operation. They combine in-depth local knowledge with the latest worldwide industry best practices and latest technologies.

They are fully knowledgeable about the regional market – they also understand how regional performance affects global supply chains. By working with our experts, you'll be able to consult local expertise that operates with an international outlook at all times.

Our regional network of experts will be your trusted partner on the ground, ensuring the quality, quantity and safety of your agricultural commodities throughout your supply chain.



Our regional team

400+

Full time employees

Supported by

4

Main laboratories

Operating from

16

Offices

GAFTA
FOSFA

Members

Bulgaria



"We've gone from strength to strength over the past year – receiving new accreditations, implementing innovative technology and undergoing team-wide training sessions."

Anelia Andreeva, SGS Bulgaria
Business Manager

WORK IN PROGRESS

Harvesting has still not been fully completed across Bulgaria. As things stand, roughly 18-19% of all wheat, 19% of barley and 11% of rapeseed has been harvested. Preliminary estimates suggest that a total of 6.5 million metric tons (MMT) of wheat, 0.7 MMT of barley and 0.4 MMT of rapeseed will be produced.

IMPRESSIVE ACCREDITATIONS

Our customers can have complete confidence that we continue serving them to the highest internationally approved standards. Our team has expanded its scope of accreditations – we're now fully certified when it comes to testing vitamins, GMOs, pesticides, and quaternary ammonium biocides (including DDAC and BAC, tropane alkaloids, MCPD and GE). We have received re-accreditation of BDS EN ISO/IEC 17025:2018, adding to our confirmed approvals for a range of GAFTA, FOSFA, GMP+, VLOG and NGP accreditations. Our office in Bulgaria is also certified to ISO 9001 and ISO 14001 standards.

TEAM TRAINING

We're committed to improving every single aspect of our operations. That's why our team embarked on a comprehensive annual training getaway – including a host of team-building exercises. These sessions enhanced our expertise and also brought individual members closer together, enabling our group to act as a committed, unified force that's focused on delivering the utmost value to our customers.

A SMARTER SERVICE ALL AROUND

Over the past year, we have implemented Smart Warehouse to great effect, providing our clients with ongoing updates and real-time data when it comes to their grain's conditions: temperature, moisture, CO2 levels. Smart Warehouse provides a way to minimize the risks associated with storing agricultural products while controlling the condition of goods, ensuring their quality and long-term value.

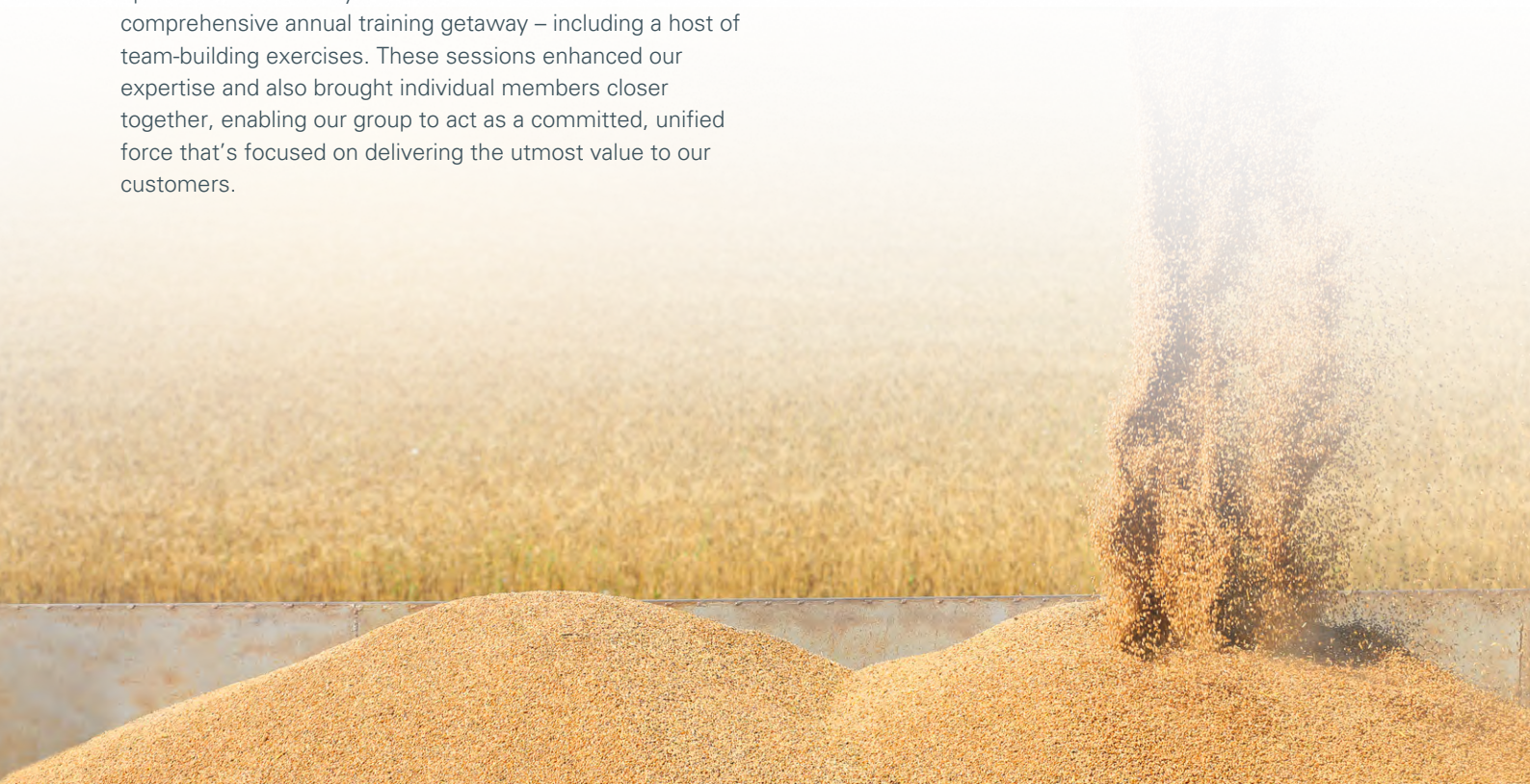
The solution allows our customers to monitor their crops' condition at all times with ease – and to quickly prevent any potential issues that might arise. By implementing and rolling out this innovative, IoT-based solution, customers have gained increased visibility, control and peace of mind that their goods remain in safe condition.

OUR CUSTOMER'S THOUGHTS

"Smart warehouse helps us to control and prevent any issues before goods are shipped to our customers. It provides us with crucial visibility on our commodities at all times and we rely on the insights it provides on a daily basis".

Evgenia Patkova, Cargill

Country Supply Chain Lead for Bulgaria



Team Bulgaria



ANELIA ANDREEVA

Business Manager

Anelia.Andreeva@sgs.com



VESELKA PASHOVA

Laboratory Manager

Veselka.Pashova@sgs.com

With SGS as your partner, you have access to a broad range of experience and knowledge in the agricultural commodities industry to ensure product quality and supply chain integrity. We will help you to improve efficiency, reduce risk and deliver competitive advantage to you.

Hungary



"Thanks to our innovation-first approach and forward-thinking mindset, our team is providing more value than ever before to our wide array of customers."

Rita Fejos, SGS Hungary
Business Manager

2021 YIELDS

Hungary has experienced sparse rainfall this summer, though this has been occasionally interrupted by heavy thunderstorms. As a result, while this year's wheat yield has been average, the quality is lower than usual. Quality issues will lead to rising prices, while traders might be forced to mix commodities of variable quality (and from different sources) in order to meet the desired parameters for protein, gluten etc. Expert guidance – and the presence of knowledgeable inspectors and lab technicians – has therefore never been so important.

2021 has also produced an average yield of rapeseed, though similarly, the quality hasn't been up to usual standards. Preliminary estimates of corn and sunflower yields are steadily declining. Corn consumption in Hungary is stable, meaning that the lower-than-average yield will largely impact corn export volumes – potentially by anywhere from 20-40%.

INTERNAL EXCELLENCE

Since SGS opened its doors in Hungary 30 years ago in 1991, we have always prided ourselves on our internal excellence. But things have changed significantly over the past three decades – which is why our team has committed to staying on top of the latest industry developments and best practices.

For example, over the past year, we have conducted a rigorous series of training sessions covering a wide variety of areas to enhance our team's expertise. Moreover, we have also successfully completed a GAFTA Standard Audit to remain on the list of GAFTA Approved Superintendents. In addition to that, our operations are certified according to FOSFA, GMP+ and ISO 9001 requirements.

ONGOING INNOVATION

We are dedicated to staying one step ahead of the competition. That's why we have produced Ariadne, an online program that tracks all orders right from the moment they arrive until they have been invoiced and paid for.

With Ariadne, all data relating to a particular order is available on one centralized platform. Data and images uploaded by on-the-ground inspectors are immediately visible to our office-based staff and clients – and they can easily check the status of any ongoing inspections. The solution makes it possible to develop reports for a wide variety of use cases in just a few clicks and gain a deeper level of visibility over all your orders. This significantly increases our turn-around time and improves quality of reporting.

Our team has also implemented Smart Warehouse solution that provides our clients with ongoing updates and real-time data about their grain's conditions. We have installed 40 devices and three mobile data transmitters in three warehouses and two separate sites (covering wheat and sunflower crops). The system has added tremendous value to our customers' operations, demonstrating graphical representations of potential damage, offering a range of filtering options on its online interface, and providing ongoing measurements related to grain's condition, such as humidity and CO2 levels.

OUR CUSTOMER'S THOUGHTS

"SGS expertise is among the first when it comes to certification, inspection or laboratory testing. Over the past year, they've also increased their speed of service. We are now getting mission-critical support at a fast pace."

Péter Mészáros, Viterro Hungary Kft.
Quality Assurance Leader



Team Hungary



RITA FEJOS NOVAK

Business Manager

Rita.Fejos@sgs.com



ISTVAN LOCZE

Operational Manager

Istvan.Locze@sgs.com



ZSOLT SCHIFFERER

Technical Manager

Zsolt.Schifferer@sgs.com



TAMÁS T. PRINCZ

Business Development Manager

Tamas.Princz@sgs.com



PATRIK PALLA

Deputy Operational Manager

Patrik.Palla@sgs.com



LAJOS MOLNÁR

Laboratory Manager

Lajos.Molnar@sgs.com

We boast unparalleled experience, having first opened our doors all the way back in 1991. Our network of highly skilled inspectors and technical experts, equipped with cutting-edge technology enables you to successfully trade agricultural commodities internationally.

Romania



"It's an exciting time here at SGS Romania. We're doubling down on our already industry-leading operations, solidifying our position as the go-to agricultural experts in the region."

Ionut Cristian Lepadatu, SGS Romania
Business Manager

MARKET OUTLOOK

Romania's barley has now been completely harvested, producing a total quantity of roughly 1.7 MMT at an average production of 5.6 metric tons per hectare (mt/ha). Approximately 80% of this year's wheat has been harvested, with the total output expected to be around 11 MMT.

Harvesting for sunflower seeds has just begun – estimates suggest that total production will be around 3.5 MMT. Corn harvesting is expected to commence in a matter of weeks, with approximately 15 MMT expected in total. Harvesting of rapeseed has been completed, official figures relating to the production have not been announced yet.

LABORATORY ACCREDITATIONS & CERTIFICATIONS

Our team in Romania is well renowned for our integrity and reliability. This is in large part due to our impressive array of accreditations. We're a GAFTA-approved fumigator, analyst and superintendent, as well as FOSFA-approved analyst for oilseeds testing. Our laboratory is accredited according to ISO 17025. What's more, we have recently gained three new ISO accreditations in relation to feeds testing. Our new SR EN 15662:2018 certification allows us to use multimethod for determination of pesticides residues in oilseeds using GC and LC. To maintain our high standards of excellence and provide an unrivaled level of service, we've already completed a range of internal training sessions for our back-office, laboratory and administration staff, boasting detailed knowledge of the latest industry-wide best practices.

AN EYE ON THE FUTURE

Despite our reputation and range of services, we're still continuing to improve our operations on an ongoing basis. Following the introduction of new equipment (including LC-MS/MS and ICP MS) by the end of October, our laboratory in the Port of Constanta will soon be able to analyze an extended list of pesticides.

This will include polar pesticides – as things stand, no other laboratory in Romania has this capability. Once the laboratory's new capabilities are fully operational, our experts will be available to present them and answer questions.

We're also currently planning on integrating SGS's unique Smart Warehouse solution into our operations. This IoT-based technology will enhance our customers' warehouse operations, delivering timely and accurate information to protect stored commodities.

OUR CUSTOMER'S THOUGHTS

"Our collaboration with SGS has been extremely successful from the start. The level of input and promptness has surpassed all expectations and we are more than satisfied."

Mihai Bucsan, Viterro Romania
Quality Manager



Team Romania



IONUT LEPADATU

Business
Manager

Ionut.Lepadatu@sgs.com



DANIELA POP

Head of Commercial
Department

Daniela.Pop@sgs.com



CRISTIAN CHESCA

Technical
Manager

Cristian.Chesca@sgs.com



COSTEL CARANFIL

Inland
Coordinator

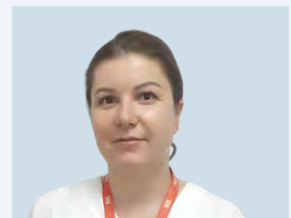
Costel.Caranfil@sgs.com



CRISTINA IONUT

Senior Commercial
Coordinator

Cristina.Ionut@sgs.com



MARINELA SERBAN

Lab
Coordinator

Marinela.Caranfil@sgs.com

Whatever the commodity, wherever the destination, our trusted professionals will be with you every step of the way. We work for you to protect your interests and reduce your risk, ensuring your commodities meet global standards for quality and excellence.

Serbia



"Our team in Serbia concentrated on performing complex inspections, increasing our internal expertise and sharing our invaluable knowledge with clients."

Andrijana Radic, SGS Serbia
Executive Manager

CROPS FORECAST

2021 has been a record year in terms of wheat production. Harvesting has now finished – it is estimated that the total production is about 2.6 MMT, of which 1.2 MMT is available for export. However, crops quality varies greatly from region to region. Fulfilling contract specifications has therefore become more complex. SGS's experts can provide much-needed assistance, using the latest equipment to quickly determine various quality parameters.

Unfortunately, dry and hot weather has had an adverse impact on corn. Total production is expected to reach 6 MMT (and around 1.6 MMT will be available for export). Corn quality will also suffer – but SGS is ready to assist. Our in-the-field spot analyses and laboratory testing will quickly reveal the presence of mycotoxins, rapidly revealing crop quality.

Nationwide yield of soybean is also expected to be approximately 28% lower than last year.

COMPLEX INSPECTIONS

Our inspection services play a crucial role in ensuring that customers are in the know at all times – and that they only deal with the highest quality of crops. Thanks to our trusted inspectors, organizations in the agri industry can operate with confidence and without delays, whatever their inspection needs.

For instance, we performed a series of comprehensive inspections to reveal treated kernels in wheat. Our inspectors immediately identified any crops where this issue was still prevalent, preventing customers from unknowingly dealing with low-quality commodities. They could therefore avoid unforeseen issues and instead work with higher-quality alternatives.

DELIVERING THE HIGHEST STANDARDS OF EXCELLENCE

To safeguard our status as leading provider of testing and inspection services, we make sure that we follow industry-wide best practices. Our testing laboratory in Serbia is accredited by leading regulatory bodies including GAFTA, FOSFA and ISO/IEC 17025, therefore meeting international laboratory standards. We maintained our GAFTA and FOSFA Approved Superintendent status, which confirms our ongoing commitment to deliver a high-quality service for our customers.

KNOWLEDGE SHARING

To maintain our position as genuine agri experts, we have focused on knowledge sharing throughout 2021 – both internally and externally. Our inspectors, laboratory staff and back-office staff have all taken part in an ongoing series of training sessions throughout the year. This has refreshed our team's existing knowledge and taught them about all new requirements, helping them get to grips with the newest local and international regulations.

We have also made sure to share our crucial expertise with our customers. Our webinar series and training sessions dove into a range of key topics, including grain quality, contaminants, notable legislative changes and possible trading risks to be aware of.

OUR CUSTOMER'S THOUGHTS

"Delta Agrar as one of largest companies and exporters of commodities in Serbia maintains long-term and strategic partnership with SGS. Their engagement enables security and professionalism in performing tasks in the field of quality control which guarantees security in the delivery of goods to end consumers."

Andrej Sovrović, Delta Agrar
Director Commodity Trading

Team Serbia



MARINKO UKROPINA

Managing Director /
Business Manager
Marinko.Ukropina@sgs.com



ANDRIJANA RADIĆ

Executive
Manager
Andrijana.Radic@sgs.com



**BISERA CAMOVIĆ
STAMENKOVIĆ**

Customer relationship and
Back Office Head
Bisera.CamovicStamenkovic@sgs.com



BRANIMIR MARIĆ

Laboratory
Manager
Branimir.Maric@sgs.com



NIKOLA KOSTIĆ

Projects
Manager
Nikola.Kostic@sgs.com



ALEKSANDAR LEGEZA

Operations
Coordinator
Aleksandar.Legeza@sgs.com



JOVAN ŠEVO

Operations
Coordinator
Jocan.Sevo@sgs.com

Renowned for our independence, accuracy and technical excellence, we offer you a unique, industry leading depth and breadth of solutions you can trust. We are always ready to help, providing crucial advice, guidance and technical support.

CONTACT US

agriculture@sgs.com

www.sgs.com/agricommodities

www.sgs.com/linkedin-natural-resources

