Supply Chain Paraguay to Europe

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A look to the market

Product

Context

Market perspective

Trends

**Product Context**

**Market perspective**

**Trends**

**Graphs**:
- Exportaciones de los 5 principales exportadores 2012
- Importaciones de los 5 principales importadores 2012
A look at the supply chain

Transparency

Farmers ➔ Processors ➔ Traders ➔ Manufacture ➔ Retailers

Financial sector
Sustainable sourcing programs: drivers for companies

**Market:**
- Changing consumer preferences, which are creating demand for differentiated green products, regulations

**Transparency:**
- A call for better public access to information across the entire value chain

**Risk management:**
- Major supply chain risks, including human rights, national security, environment and climate change, that could negatively impact sourcing activities and ultimately reputation and brand value

**Competitiveness:**
- A business environment that is focused on opportunities to reduce costs – many of which come from the supply chain.

Source: EY.2010. Five areas of highly charged risk for supply chain operations
Supply chain opportunities and issues – by company type

**Biggest supply chain issue by company type:**
- B2B: Traceability 19%, Human Rights 17%, Eliminating dependency on unsustainable raw materials 15%
- B2B B2C: Environmental concerns 16%, Traceability 13%, Resource efficiency 10%
- B2C: Traceability 22%, Consumer/customer engagement 18%, Engaging supply chain colleagues 15%

**Most exciting supply chain opportunity by company type:**
- B2B: Industry collaboration 29%, Circular economy 16%, Resource efficiency 9%
- B2C: Consumer/customer awareness 23%, Industry collaboration 20%, Circular economy 14%

Source: Ethical Corporation. Sustainable Supply Chain Trends 2015
Key instruments for sustainable supply chain management

- **Certifications**: International recognition
- **Stakeholders meetings**: Rountables, Committees
- **NGO and local projects**: Local level impact
- **Internal Policy**: Code of conducts, audits, verification

Institutions and organizations mentioned:

- ISCC (International Sustainability & Carbon Certification)
- Solidaridad
- ALIANÇA DA TERRA Produzindo Certo
- Sustainable Agriculture Code (implementation guides)
- Swiss Research Institute on Commodities
- TFT
- ADM Responsible Soybean
- Sustainable Sourcing
- HEINEKEN Sustainability Report 2013
- L'Oréal

Logos and images of various sustainability initiatives and certifications.
Sustainability Certifications achieved by ADM in Paraguay

<table>
<thead>
<tr>
<th>Scheme/Type</th>
<th>Facilities</th>
<th>Certification</th>
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<tbody>
<tr>
<td>ISCC EU/FGP</td>
<td>ADM Paraguay - all Paraguay units</td>
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<tr>
<td>ISCC EU/ Conversion Unit</td>
<td>ADM Paraguay – Villeta’s crushing plant</td>
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<tr>
<td>ISCC Plus</td>
<td>ADM Paraguay – Villeta’s crushing plant</td>
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ADM SA is also chair of the ISCC LA Technical Committee and is Board member of ISCC Association.
## Roles and limitations of certifications.

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<tr>
<th>Instrument</th>
<th>Strengths</th>
<th>Limitations</th>
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<tr>
<td>Certification</td>
<td>Improves practices at a farm level</td>
<td>It is farm based and does not have the ability to tackle root causes of the sustainability issues.</td>
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<td>Provides traceability</td>
<td>Huge costs to segregate certified product up the supply chain.</td>
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<td>Provides a label and a credible story of the product</td>
<td>Often does not reach the mass of unorganized farmers at the base of the pyramid.</td>
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<td>Very targeted and easy to communicate</td>
<td>Certification costs are typically less efficient for small holders than for large plantations.</td>
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<td>Provides financial incentives for producers to improve practices</td>
<td>Farm level not landscape permitting leakage of unacceptable practices to non-certified farm.</td>
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<td>Accepted by key stakeholders as effective action at farm level</td>
<td>May be perceived by governments and producers in-country as externally driven so lack local ownership.</td>
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About ADM initiatives