



Round Table on Responsible Soy Association

Annual Financial Report 2010

May 2011

To the Executive Board and to the Members of RTRS

Auditor:

Estudio Dechiara & Asociados

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Annual Report 2010 for the Executive Board

Round Table on Responsible Soy Association, abbreviated "RTRS", is an international initiative founded in Switzerland in 2006 to promote the use and growth of Responsible Soy, with the commitment of the stakeholders of the soy value chain, through the implementation of a global standard and of a certification scheme, for the production of responsible soy.

Objectives

The main objectives of RTRS are:

- To facilitate a global dialogue on soy that is economically viable, socially equitable and environmentally friendly.
- To reach consensus among the main stakeholders and players related to the soy industry.
- To set up a forum for developing and promoting a sustainability standard for the production, processing, trading and use of soy.
- To set up a recognized international forum for monitoring the status of global production of soy in terms of sustainability.
- To mobilize different stakeholders to participate in the RTRS process;

Membership

The RTRS is made up of Participating members and of Observers. Membership is open to participants of the soy value chain and of civil society who shall apply for membership as Participating Members in one of the following constituencies:

- Producers
- Industry, Trade and Finance
- Civil Society Organizations.

Natural persons or organizations such as regulatory bodies, government agencies, consulting or auditing companies, academia and donors, that do not belong to any of these three constituencies, may apply for the RTRS membership as Observing Members.

The main resource used by RTRS is dialogue between groups with different interests and origins for defining a common basis for action. RTRS assures that each constituency shall have the same rights to propose specific topics for discussion.

Executive Committee

The Executive Committee consists of a maximum of fifteen members. Each constituency – “Producers”, “Industry, Trade and Finance”, and “Civil Society Organizations” – is represented by a maximum of five members each. Below, there is a table containing the current Executive Board members (2010 – 2012):

Civil Society	Representative	Deputy	Country
WWF	Cassio Franco Moreira	Tatiana Carvalho	Brazil
INSTITUTO ETHOS	Caio Magri	Ricardo Young	Brazil
SOLIDARIDAD	Jeroen Douglas		Netherlands
FUN.MOISES BERTONI	Yan Speranza González		Paraguay
ACTION FOR SOCIAL ADVANCEMENT	Ashis Mondal		India
Industry	Representative	Deputy	Country
ACSOJA	Guillermo Prone	Luis Zubizarreta	Argentina
GRUPO SANTANDER BRAZIL	Christopher Wells	Silvia Chicarino	Brazil
UNILEVER	Jan Kees Vis		Netherlands
NUTRECO	Jan Nicolai	Frans Claassen	Netherlands
Patagonia Bioenergía	Federico Pochat		Argentina
Producer:	Representative	Deputy	Country
SLC Agricola	Alvaro Luiz Dilli Gonçalves		Brazil
Associação de Plantio Direto no Cerrado	John Nicholas Landers		Brazil
GRUPO ANDRE MAGGI	João Shimada		Brazil
FUND. MATO GROSSO	Silvia Camacho		Brazil
Los Grobo	Alex Ehrenhaus		Argentina

Activities 2010

General Budget 2010

The estimated Budget for 2010 amounted to a total of € 850.284. The effective income for the period was € 829.818. The main sources of funding were donors such as LNV¹, IDH², MVO³ and Solidaridad, as well as annual membership fees. Actual expenses in 2010 were € 872,806, resulting in a net balance of € -42,988.

Executive Board Meetings

There were five physical meetings in 2010. Two of them took place in June, in São Paulo (Brazil), location of the Fifth RTRS International Conference. After the conference, the EB met in Rotterdam, Netherlands, with the participation of both re-elected members and new members, elected in the 2010 General Assembly. Finally, two EC meetings were organized in Buenos Aires. In addition, there were seven monthly conference calls to monitor and follow up important activities such as the Development of the Certification System, the Fifth International Conference, the 2010 General Assembly, finances, the outreach program and the Secretariat annual work plan.

¹ Ministry of Agriculture, Nature and Food Quality of the Netherlands

² Dutch Sustainable Trade Initiative

³ Chamber of Margarines, Fats and Oil

General Assembly

The General Assembly was held in São Paulo, on June 10. 86 members participated in the GA, representing Producers, Industry and Civil Society, hence, quorum was reached.

Fifth International Conference

On June 9 & 10, 2010, the Fifth RTRS International Conference took place in São Paulo, Brazil. The conference was attended by 180 representatives of the most important sectors of the soy value chain in the world.

Executive Secretariat

The role of the RTRS Secretariat is to centralize operations and, as such, it is responsible for the management and governance of International RTRS (registered in Switzerland) and for representing it in Argentina, branch office of the Secretariat.

In August 2010, Agustín Mascotena assumed as the new Executive Director of the RTRS Secretariat.

The Secretariat is composed by the following professionals:

- Agustín Mascotena, Executive Director
- Ben Zeehandelaar, Outreach Manager and Producer Services Manager
- Cecilia Gabutti, Technical Unit and Program Manager
- Mariana Seghezzo, Communications Officer
- Jimena Frojan, Programs Officer
- Veronica Chorkulak, Finance & Governance Coordinator

Presentation of the Annex of Biofuels for Compliance of the EU-RED Directive Requirements.

In order to get recognition for compliance of the EU-RED Directive by the European Commission, the RTRS set up a workgroup for preparing an annex to the RTRS Generic Standard. According to the Directive, for raw materials exported to Europe to be considered sustainable, they must meet a set of minimum standards. These minimum requirements are related to the requirements for changes in the use of land, GHG calculations and Chain of Custody.

After months of preparations of the Work Group, RTRS submitted the resulting annex of biofuels to the DG-Energy group, an EU sub-committee that is in charge of the matter. DG-Energy started an assessment process of the voluntary standards.

The annex on biofuels contains all the requirements of the directive and shall be optional for farmers who produce soy for biofuels that are to be exported to the EU. From the perspective of Producers, once the annex on biofuels is acknowledged as a voluntary standard in compliance with EU-RED Directive, exports of RTRS-certified soy to any member state of the EU as feedstock for biofuels shall be permitted.

First Persons Trained for the Implementation of the RTRS Standard

On August 9 & 10, 2010, for the first time, RTRS delivered the Theoretical and Practical Course on the Interpretation and Implementation of the RTRS Standard, in Buenos Aires (Argentina). Twenty-five persons attended the workshop, among which there were producers, industry

members, certification bodies and enforcement agents. These were days of intense training on the Principles & Criteria and the Indicators developed in the RTRS standard.

The purpose of the course was focused on raising awareness of participants of the importance of the standard; that they know each one of the requirements, benefits and duties for producers; that they make a better interpretation at the time of implementation in their businesses and, thus, that they are able to certify with the scheme in the coming months.

In addition, on August 18 and 19, a Theoretical and Practical Course on the Interpretation and Implementation of the RTRS Standard was held in Santa Cruz de la Sierra, Bolivia. Thirty different scale producers attended the course. For many of them, this was the first time they heard about sustainability topics and about the objectives and scope of the RTRS Standard.

First Auditors Trained as per the RTRS Standard

Between September 15 and 17, 2010, the RTRS carried out the first Lead Auditor Course on the RTRS Standard for Responsible Soy Production, Version 1.0. The course took place in the city of Buenos Aires (Argentina). Approximately 30 persons attended the event. The training course was devised for auditors, certification and accreditation bodies, consultants and professionals with knowledge in auditing processes, certification standards and their assessment. The basic idea was that a solid training of auditors, capable of producing high quality field audits, must be achieved through a balance between knowledge, skills and attitude. This type of courses shall enable auditors and other stakeholders to have a better understanding of the RTRS requirements regarding legal, social, environmental aspects, local community relations and best practices, of the scope of the certification process and its verification. Besides, they shall enable them to harmonize criteria in their assessments.

Accreditation of Certification Bodies

On October 8 2010, RTRS began the **Accreditation Process of Certification Bodies**. As a result of the effort of all the players involved in the soy value chain, the RTRS Certification and Accreditation Standard was developed. The first Certification Bodies that obtained the RTRS preliminary recognition for certifying and auditing producers who decide to implement the RTRS scheme are Schutter, SGS and Control Union.

Non-GM Module for the Chain of Custody

The Chain of Custody Work Group (CoC WG) successfully created the RTRS model for the physical flow of RTRS certified soy. The Executive Committee approved the model of chain of custody that was submitted, and which contains the following modules: Module A (Mass Balance); Module B (Segregation); Module C (Multi-site Systems), Module E (Non-GM).

A new, relevant, element was the Non-GM Module as it enables buying RTRS-certified soy + Non-GM thus supporting the RTRS key objective: to make a positive impact on the level of responsibility practiced in the sowing of soy as a whole (whether Non-GM, conventional or organic soy).

IT Platform

An important aspect for streamlining the trade of RTRS-certified soy was the development of the IT Platform. The Platform has a variety of functionalities, which include:

- A Certificate Trading Platform for purchasing and selling certificates that represent a certain amount of RTRS-Certified soy, in which the physical acquisition of soy shall be separated from the trade of certificates. This option has several advantages, among which there is the inclusion of producing countries that do not have (or scarcely have) any physical flow on the markets where the acquisition of sustainable products has an added value.
- Certificate management; organizing the flow of certified soy between producers and consumers/end users in an European country, for example, a flow that shall include the above mentioned modules of mass balance, segregation and Non-GM as statement models structured by the platform.

For the functioning of the IT Platform and in order to generate income to cover the operational costs of the RTRS Secretariat, a fee was agreed upon. For each ton of certified soy passing through the IT Platform, a € 0,30-fee shall be charged. This fee does not include certification costs for producers, nor is it related to any potential incentive, as it happens with other initiatives similar to RTRS. Potential incentives shall be determined between buyers and producers of RTRS-certified soy.

Progressive Level of Entry to the RTRS Production Certification Standard

In order to create a system called Progressive Level of Entry to the RTRS Production Certification Standard, the EB summoned the work group made up with a balanced proportion of multiple parties to present the results at the meeting in Buenos Aires. After some minor changes were introduced, the EB approved the proposal: a certification method that shall make the process more accessible for the inclusion of small producers, above all.

High Conservation Value Areas (HCVA)

In order to develop a proposal for a project to start off the mapping of High Conservation Value Areas (HCVA) in Argentina, Brazil, Bolivia and Paraguay, ProForest submitted a proposal to a series of potential donors for creating a budget for the successful execution of the project.

Outreach Program

The person in charge of managing the 2010 Outreach Program was Ben Zeehandelaar, with the cooperation of several persons, among others: a Consultant for the activities developed in Europe; an Outreach Coordinator in Brazil; an Outreach committee within the Executive Board, and a work group made up of IDH, Solidaridad, MVO Product Board, WWF, and the RTRS Secretariat.

With the aim to develop RTRS awareness in different target countries, the Outreach Program developed different activities such as organizing work groups and seminars for specific audiences, participating in relevant events, in presentations in conferences before audiences related to the soy value chain, sustainability, best agricultural practices, and other topics.

Budget 2011

The budget 2011 was presented in the Executive Board meeting of October 2010 and after feedback for its improvement it was approved at the conference call of November 2010. A summary of the profit and loss account is as follows (in Euros).

	<u>Budget 2011</u>	<u>Budget 2010</u>
INCOME		
Donations	395.038	569.930
Member fees	289.066	242.500
Sponsorships	100.000	37.854
Fees RT	39.885	0
Training	71.800	0
Accreditation CB	29.630	0
Certification Fee	150.000	0
	<u>1.075.419</u>	<u>850.284</u>
OPERATING EXPENSES		
Secretariat and Board	258.770	250.104
Technical development	360.956	209.935
Awareness raising / Outreach	220.165	191.170
RTRS Conference	97.349	78.669
Communication	33.475	38.967
General Assembly	15.000	66.346
	<u>985.715</u>	<u>835.191</u>
Budget result for the year	<u><u>89.704</u></u>	<u><u>15.093</u></u>

Balance as at December 31, 2010

(in euros, after appropriation of result)

ASSETS	December 31, 2010	December 31, 2009
Current assets		
Debtors	3.332	6.000
Other receivables	<u>1.673</u>	<u>0</u>
	5.005	6.000
Cash at Banks	<u>254.395</u>	<u>223.077</u>
Total current assets	259.401	229.077
Non-current assets		
Fixed assets	<u>30.287</u>	<u>7.959</u>
Total non-current assets	30.287	7.959
Total assets	<u>289.688</u>	<u>237.036</u>
EQUITY AND LIABILITIES		
Equity		
Accumulated result	189.423	232.411
Current liabilities		
Creditors	29.424	1.287
Other liabilities	<u>70.841</u>	<u>3.338</u>
	100.265	4.625
Total equity and liabilities	<u>289.688</u>	<u>237.036</u>

Profit and loss account for the year to December 31, 2010

(in Euros)

	Actual 2010	Budget 2010	Actual 2009
INCOME			
Donations	566.731	569.930	677.455
Member fees	194.604	242.500	185.436
Sponsors	0	37.854	6.110
Training	33.316	0	0
Fees RT	33.238	0	0
Financial income	1.929	0	434
	<u>829.818</u>	<u>850.284</u>	<u>869.435</u>
OPERATING EXPENSES			
Secretariat and Board	238.803	250.104	199.307
Technical development	257.157	209.935	208.993
Awareness raising / outreach	203.654	191.170	201.604
RTRS Conference	111.909	78.669	72.547
Communication	28.551	38.967	25.536
General Assembly	32.731	66.346	20.328
	<u>872.806</u>	<u>835.191</u>	<u>728.316</u>
Result for the year	<u><u>-42.988</u></u>	<u><u>15.093</u></u>	<u><u>141.119</u></u>

Cash flow statement for the year ended December 31, 2010

(in euros)

	<u>2010</u>	<u>2009</u>
Cash flow from operating activities		
Operating result	-42.988	141.119
Depreciation	7.406	3.818
Movements in operation capital:		
Receivables	2.668	-550
other receivables	-1.673	0
current liabilities	<u>95.640</u>	<u>-40.459</u>
	61.052	103.929
Cash flow from investment activities		
Investments in tangible fixed assets	-29.734	-11.777
Cash flow from financing activities	0	0
Movement in cash at banks	<u>31.318</u>	<u>92.152</u>
Cash at Banks		
As at January 1	223.077	130.925
As at December 31	254.395	223.077
Movement in cash at banks	<u>31.318</u>	<u>92.152</u>

General notes to the accounts

Financial year

The RTRS was founded on November 8, 2006, The first financial year stretches from November 8, 2006 until December 31, 2007. As From 2008, the financial year will equal the calendar year.

Foreign currency

Assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing on the balance sheet date. Transactions in foreign currency during the financial year are included in the financial statements at closing rate. Resulting exchange differences are taken to the profit and loss account.

Accounting principles of assets and liabilities

General

The Financial statements are prepared under the historical cost convention. Unless stated otherwise, assets and liabilities are stated at nominal value.

Receivables

Receivables are included at nominal value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Accounting principles of the result

General

Income and expenses are accounted for on annual basis. Profit is only included when realized on balance sheet date. Losses and risks originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Member fees

All members shall pay an annual membership fee in euros.

Taxation

The annual accounts have been prepared under the assumption that the activities of RTRS are exempt from corporate income tax.

Specific notes to the accounts

	2010	2009
Current assets		
<i>Debtors</i>		
Membership Fees	3.332	6.000
	<u>3.332</u>	<u>6.000</u>
All receivables are due within one year		
<i>Other receivables</i>		
Withholding tax	1.673	0
	<u>1.673</u>	<u>0</u>
All receivables are due within one year		
Cash at banks		
Cash	5.791	326
Banks	248.605	222.751
	<u>254.395</u>	<u>223.077</u>
All amounts are free at disposal of RTRS		
Fixed Assets		
Equipment	13.629	10.957
Trademark	27.062	0
Furniture	820	820
Depreciation	-11.225	-3.818
	<u>30.287</u>	<u>7.959</u>
All amounts are free at disposal of RTRS		

	<u>2010</u>	<u>2009</u>
Equity		
<i>Accumulated result</i>		
The movement in the accumulated result can be specified as follows.		
As at January 1	232.410	91.291
Result of the year	<u>-42.988</u>	<u>141.119</u>
As at December 31	<u>189.423</u>	<u>232.410</u>
Current liabilities		
<i>Creditors</i>		
Secretariat	27.256	0
Outreach	36	405
Criteria development costs	<u>2.132</u>	<u>882</u>
	<u>29.424</u>	<u>1.287</u>
<i>Other liabilities</i>		
Salaries and Wages	6.643	1.391
Solidaridad Loan	60.000	0
Social Charges	<u>4.198</u>	<u>1.947</u>
	<u>70.841</u>	<u>3.338</u>

Income

Donations

The breakdown is as follows

	Actual 2010	Actual 2009
Observer members	459.090	628.910
Industry, Finance and Trade	69.242	25.000
Civil Society	38.399	23.545
	<u>566.731</u>	<u>677.455</u>

Member fees

The breakdown is as follows.

Producers	27.933	17.193
Industry, Finance and Trade	152.759	151.984
Civil Society	9.470	14.521
Observer members	4.441	1.738
	<u>194.604</u>	<u>185.436</u>

Training

The breakdown is as follows.

Training for Auditors	27.684	0
Training for Producers	2.033	0
Training CoC	3.600	0
	<u>33.316</u>	<u>0</u>

To: Round Table on Responsible Soy Association

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2010 of Round Table on Responsible Soy Association which comprise the balance sheet as at December 31, 2010, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with International Auditing Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

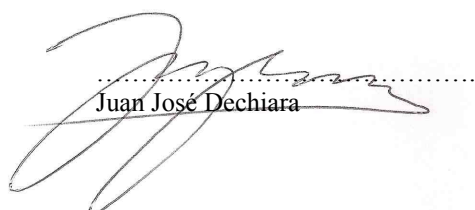
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Round Table on Responsible Soy Association as at December 31, 2010 and of its result for the year then ended.

Buenos Aires, May 10, 2011


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Juan José Dechiara