



Round Table on Responsible Soy Association

# **Annual Financial Report 2011**

**May 2012**

**To the Executive Board and RTRS members**

**Auditor:**

**Estudio Dechiara & Asociados**

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## **Annual Report 2011 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 Board

The Executive Board has a maximum of fifteen members. Each category, i.e. “Producers”, “Industry, Trade and Finance” and “Civil Societies” is represented by a maximum of five members. The following chart shows the current formation of the Executive Board (2011 – 2013):

Civil Society	Representatives	Country
WWF	Cassio Franco Moreira	BRASIL
INSTITUTO ETHOS	Caio Magri	BRASIL
SOLIDARIDAD	Jeroen Douglas	HOLANDA
FUNDACIÓN MOISES BERTONI	Yan Speranza	PARAGUAY
ACTION FOR SOCIAL ADVANCEMENT	Ashis Mondal	INDIA
Industry, Trade and Finance		
ACSOJA	Guillermo Prone	ARGENTINA
RABOBANK	Daniela Mariuzzo	BRASIL
UNILEVER	Jan Kees Vis	HOLANDA
NUTRECO	Jaap Oskam	HOLANDA
CARBIO	Federico Pochat	ARGENTINA
Producers		
LOS GROBO	Alex Ehrenhaus	ARGENTINA
CYTASA	Victor Alvarez Arias	PARAGUAY
APDC	John Landers	BRASIL
GRUPO A. MAGGI	João Shimada	BRASIL
AAPRESID	Santiago Lorenzatti	ARGENTINA

## 2011 Activities

### 2011 General Budget

The estimated budget for the year 2011 reached the sum of € 1,075,419. The real income during such period was € 750,967. The main sources were donations, project fundings, annual membership fees, and certification fees. The real expenses during 2011 reached the sum of € 737,443, resulting in a € 13,524 net balance.

### Executive Board meetings

During 2011, there were three physical meetings. Two of them took place during June, in Buenos Aires, Argentina, where the sixth RTRS International Conference was held. After the conference, in October 2011, the committee met again in Buenos Aires, with the re-elected and new members, who were elected during the 2011 General Assembly. 5 monthly conference calls were held in order to control and supervise different activities such as the development of the certification system, the 6<sup>th</sup> International Conference, the 2011 General Assembly, finance, the activities extension programme, and the annual working plan of the Secretariat.

## **The General Assembly**

On June 16th 2011 afternoon, immediately after the closing of the 6th International Conference on Responsible Soy (RT6), the 5th RTRS General Assembly (GA5) was held. For the first time in 5 years, the RTRS members could look back and think of the whole multi-stakeholder process, which brought up huge challenges more than once, and also stated the foundations of the RTRS Standard and the systems related to it. They could also think of the smooth growth of the association.

## **Sixth International Conference**

On June 15th and 16th 2011 the Sixth International Conference on Responsible Soy (RT6) was held, under the name of *The Table is Ready*. It aimed to join stakeholders from the value chain of soy with different civil societies, and present the first experiences in the certification and trade of RTRS soy.

## **The Secretariat**

The RTRS Secretariat's role is to centralize every operation and, as such, it is responsible for the international and local administration and governance of the RTRS (registered in Switzerland). The Secretariat's headquarters are in Argentina.

The members of the Secretariat are:

- Agustín Mascotena, Executive Director
- Ben Zeelandelaar, Outreach and Producers Services Unit Manager
- Jimena Frojan, Technical and Programmes Unit Manager
- Mariana Seghezzo, Communications Assistant
- Facundo Cativiela, Programmes Assistant
- Veronica Chorkulak, Finance and Governance Unit Manager
- Cecilia García Nistor, Administrative Assistant

### **Auditors trained on the RTRS Standard**

After the RTRS Standard was approved on June 2010, the RTRS carried out different training courses during 2011 in order to qualify users and leading auditors on the Production and Chain of Custody Standard.

Since then, the RTRS has trained more than 50 auditors on the production scheme, and more than 30 on the Chain of Custody Standard. The main goal of these courses was to familiarize the participants with the RTRS Chain of Custody schemes and provide companies with qualified auditors and accreditation bodies that could be able to put the schemes into practice or carry out certification audits on the RTRS Chain of Custody.

### **The practice of the RTRS Certification Trade**

On June 2011 the first steps on the use of the Certification Trade Platform were taken. Together with the first certification of the André Maggi Group the first transfers and certification trading took place. The platform allows both the open and anonymous sale/purchase and direct transfers among the parties, where the transferred volume shall be registered.

### **Certified Producers**

In 2011, Argentina, Brazil and Paraguay certified 424.547 tons, of which 180.200 were bought. 11 producers certified 148.518 hectares.

### **Ended National Interpretation Processes**

#### National Interpretation of Uruguay

The document “Uruguayan National Interpretation of RTRS Standard for Responsible Soy Production V1.0” was approved by the RTRS Executive Committee on May 9th 2011.

#### National Interpretation of Argentina

The document “Argentinean National Interpretation of RTRS Standard for Responsible Soy Production \_V1.0” was approved by the RTRS Executive Committee on May 9th 2011.

#### National Interpretation of India

On October 31st 2011, the RTRS Executive Committee approved the final document of the National Interpretation (NI) of India. The NI was carried out by the National Technical Group composed by representatives of the three constituencies of the RTRS: Producers, Industry, Trade and Finance, and Civil Societies.

Since 2009 on, the group met three times. The first meeting took place in October 2009, the second one in August 2010, and the third one in June 2011. The purpose of all of them was to analyze the RTRS Standard according to the production reality in India. Thus during the different meetings, legal issues and agricultural practices in India were analyzed, bearing in mind the requirements of the RTRS Production Standard, and some guides for auditors and producers were written.

### **EU RED Annexes of the RTRS approved by the European Union**

After the different evaluation stages in which the documents were studied, the RTRS issued the final EU RED Annexes for the producers and operators of the supply chain. GD Energy recognized the standard formally.

### **New version of the RTRS Chain of Custody Standard**

The RTRS issued the new version of its Chain of Custody Standard, in which Module E was introduced, containing the EU RED requirements on mass balance. This new model complies with the EU RED requirements on EU RED certifications of mass balance.

### **SALSA Project**

In June 2011 the launch of the SALSA Project was introduced in Buenos Aires, and there was a second meeting in Bologna (Italia) in July.

This Project is mainly oriented to provide a sustainable development and an easy Access to markets for small and medium-sized enterprises and small producers through the compliance of standards and regulations. This purpose requires a joint action by means of which two groups of stakeholders, with different thoughts, perform their activities: the first one is represented by policy makers, consumers, and other stakeholders of civil societies that influence on the definition of the main regulations. The second one is composed by small and medium-sized enterprises of the agribusiness industry, small producers and other companies that intervene along the food chain.

### **Outreach and Communication**

The planning of the Communication and Outreach Unit during 2011 focused on the spreading of the certification process and trade. Besides, the programme allowed the incorporation of 20 new members to the RTRS, reaching a total of 156.

During 2011, a communications group was created, and it was divided in three subgroups: Outreach Europe, Outreach Producer Countries and General Communications. The communication plan was implemented mainly by Ben Zeelandelaar, with the collaboration of the Executive Director, Agustín Mascotena and the RTRS President, Jaap Oskam.

The 2011 communication plan comprised the following activities:

- ✓ The creation of the new questions and answers document for the RTRS webpage.
- ✓ The publishing of certification experiences of different producers: Vilucco (Argentina), CYTASA (Paraguay), and SLC Agrícola (Brazil).
- ✓ The creation of a discussion forum in LinkedIn.
- ✓ The issue of a newsletter every six weeks.
- ✓ The creation of a new institutional brochure.
- ✓ The implementation of a complaints procedure.
- ✓ The completion of the first requirements of the application process at ISEAL, in order to qualify as member.

## Budget 2012

The budget 2012 was presented in the Executive Board meeting of October 2011 and after feedback for its improvement it was approved in November 2011. A summary of the profit and loss account is as follows (in Euros).

	Budget 2012	Budget 2011
<b>INCOME</b>		
Projects Financing	771.405	395.038
Membership fees	241.879	289.066
Sponsorships	90.000	100.000
Fees RT	72.000	39.885
Trainings	32.000	71.800
Accreditation CB	10.000	29.630
Certification Fee	300.000	150.000
	<u>1.517.284</u>	<u>1.075.419</u>
<b>OPERATING EXPENSES</b>		
Secretariat and Board	620.952	258.770
Criteria Development Process	335.052	360.956
Awareness raising / Outreach	213.900	220.165
RTRS Conference	131.380	97.349
Communication	40.000	33.475
General Assembly	20.000	15.000
	<u>1.361.284</u>	<u>985.715</u>
<b>Budget result for the year</b>	<u><b>156.000</b></u>	<u><b>89.704</b></u>



**Balance as at December 31, 2011**

(in euros, after appropriation of result)

<b>ASSETS</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>Current assets</b>		
Debtors	11.971	3.332
Other receivables	<u>0</u>	<u>1.673</u>
	11.971	5.005
Cash at banks	<u>214.447</u>	<u>254.395</u>
<b>Total current assets</b>	<b>226.418</b>	<b>259.401</b>
<b>Non-current assets</b>		
Fixed assets	<u>24.410</u>	<u>30.287</u>
<b>Total non-current assets</b>	<b>24.410</b>	<b>30.287</b>
<b>Total assets</b>	<b><u>250.828</u></b>	<b><u>289.688</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Accumulated result	202.946	189.423
<b>Current liabilities</b>		
Creditors	25.291	29.424
Other liabilities	<u>22.591</u>	<u>70.841</u>
	47.882	100.265
<b>Total equity and liabilities</b>	<b><u>250.828</u></b>	<b><u>289.688</u></b>

## Profit and loss account for the year to December 31, 2011

(in Euros)

	Actual 2011	Budget 2011	Actual 2010
<b>INCOME</b>			
Project financing	292.085	395.038	566.731
Membership fees	226.882	289.066	194.604
Sponsorship	30.778	100.000	0
Accreditation of Certification Bodies	6.505	29.630	0
Certification Fee	114.014	150.000	0
Trainings	55.518	71.800	33.316
Annual Conference fees	24.909	39.885	33.238
Financial income	275	0	1.929
	<u>750.967</u>	<u>1.075.419</u>	<u>829.818</u>
<b>OPERATING EXPENSES</b>			
Secretariat and Board	213.555	258.770	238.803
Criteria Development Process	355.027	360.956	257.157
Awareness raising / outreach	105.780	220.165	203.654
RTRS Conference	50.857	97.349	111.909
Communication	1.424	33.475	28.551
General Assembly	10.800	15.000	32.731
	<u>737.443</u>	<u>985.715</u>	<u>872.806</u>
Result for the year	<u>13.524</u>	<u>89.704</u>	<u>-42.988</u>

## Cash flow statement for the year ended December 31, 2011

(in euros)

	2011	2010
<b>Cash flow from operating activities</b>		
Operating result	13.524	-42.988
Depreciation	8.120	7.406
Movements in operation capital:		
receivables	-8.639	2.668
other receivables	1.673	-1.673
current liabilities	<u>-52.383</u>	<u>95.640</u>
	-37.705	61.052
<b>Cash flow from investment activities</b>		
Investments in tangible fixed assets	-2.243	-29.734
<b>Cash flow from financing activities</b>		0
	<u>-39.948</u>	<u>31.318</u>
<b>Movement in cash at banks</b>		
<b>Cash at banks</b>		
As at January 1	254.395	223.077
As at December 31	<u>214.447</u>	<u>254.395</u>
<b>Movement in cash at banks</b>	<u>-39.948</u>	<u>31.318</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

	2011	2010
<b>Current assets</b>		
<i>Debtors</i>		
Membership Fees	11.971	3.332
	<u>11.971</u>	<u>3.332</u>
All receivables are due within one year		
<i>Other receivables</i>		
Withholding tax	0	1.673
	<u>0</u>	<u>1.673</u>
All receivables are due within one year		
<b>Cash at banks</b>		
Cash	3.580	5.791
Banks	210.867	248.605
	<u>214.447</u>	<u>254.395</u>
All amounts are free at disposal of RTRS		
<b>Fixed Assets</b>		
Equipment	4.918	13.629
Trademark	27.062	27.062
Furniture	11.777	820
Depreciation	-19.348	-11.225
	<u>24.410</u>	<u>30.287</u>
All amounts are free at disposal of RTRS		

**Equity****2011****2010***Accumulated result*

The movement in the accumulated result can be specified as follows.

As at January 1	189.423	232.410
Result of the year	13.524	-42.988
As at December 31	<u>202.946</u>	<u>189.423</u>

**Current liabilities***Creditors*

Secretariat	6.721	27.256
Outreach	0	36
Criteria development costs	18.569	2.132
	<u>25.291</u>	<u>29.424</u>

*Other liabilities*

Salaries and Wages	5.846	6.643
Loan	0	60.000
Social Charges	16.745	4.198
	<u>22.591</u>	<u>70.841</u>

## Income

	<u>Actual 2011</u>	<u>Actual 2010</u>
<i>Member fees</i>		
The breakdown is as follows.		
Producers	22.746	27.933
Industry, Finance and Trade	181.270	152.759
Civil Society	14.756	9.470
Observer members	8.110	4.441
	<u>226.882</u>	<u>194.604</u>

## *Trainings*

The breakdown is as follows.

Training for Auditors	47.541	27.684
Training for Producers		2.033
Training CoC	7.977	3.600
	<u>55.518</u>	<u>33.316</u>

To: Round Table on Responsible Soy Association

## **AUDITOR'S REPORT**

### **Report on the financial statements**

We have audited the accompanying financial statements 2011 of Round Table on Responsible Soy Association which comprise the balance sheet as at December 31, 2011, 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, 2011 and of its result for the year then ended.

Buenos Aires, May 7, 2012



Juan José Dechiara