



Round Table on Responsible Soy Association

Annual Financial Report 2012

May 2013

To the Executive Board and RTRS members

Auditor:

Estudio Dechiara & Asociados

Index

Annual Report 2012 for the Executive Board	3
Balance as at December 31, 2012	9
Profit & Loss Account for the year to December 31, 2012	10
Cash Flow Statement for the year ended on December 31, 2012	11
General Notes to the Accounts	12
Specific Notes to the Accounts	13
Accounting Principles of Assets and Liabilities	14
Other Information	15
Auditor's Report	16

Annual Report 2012 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 (2012 – 2014):

Civil Society	Representatives	Country
WWF	Cassio Franco Moreira	BRAZIL
IPAM	Oswaldo Carvalho	BRAZIL
SOLIDARIDAD	Gert van der Bijl	NETHERLANDS
ACTION FOR SOCIAL ADVANCEMENT	Ashis Mondal	INDIA
Industry, Trade and Finance		
ACSOJA	Guillermo Prone	ARGENTINA
RABOBANK	Olaf Brugman	NETHERLANDS
UNILEVER	David Pendlington	UK
NUTRECO	Jaap Oskam	NETHERLANDS
Producers		
LOS GROBO	Alex Ehrenhaus	ARGENTINA
CYTASA	Victor Alvarez Arias	PARAGUAY
APDC	John Landers	BRAZIL
GRUPO A. MAGGI	João Shimada	BRAZIL
AAPRESID	Martin Descalzo	ARGENTINA

2012 General Budget

The estimated budget for the year 2012 reached the sum of € 1,517,284. The real income during such period was € 1,127,702. The main sources were donations, project fundings, annual membership fees, and certification fees. The real expenses during 2012 reached the sum of € 761,028, resulting in a € 366,674 net balance.

Executive Board meetings

During 2012, there were four physical meetings. The first meeting took place in Brazil, in February 2012; two of them took place during May, in London, England, where the seventh RTRS International Conference was held. After the conference, in October 2012, the committee met again in Buenos Aires, with the re-elected and new members, who were elected during the 2012 General Assembly. 3 conference calls were held in order to control and supervise different activities such as the development of the certification system, the 7th International Conference, the 2012 General Assembly, finance, the activities extension programme, and the annual working plan of the Secretariat.

The General Assembly

On May 24th 2012 afternoon, immediately after the closing of the 7th International Conference on Responsible Soy (RT7), the 6th RTRS General Assembly (GA6) was held. RTRS members approved the financial statements and election of new authorities.

Seventh International Conference

On the 23rd and 24th of May the RTRS organized its 7th International Conference on Responsible Soy (RT7) in London, UK. This 7th edition of the key annual meeting of soy value chain stakeholders took place in a European country for the first time in its history. The first 6 editions all took place in South American soy producing countries Argentina, Brazil and Paraguay. The intention and approach was well received as quite a few supermarket representatives from the UK, The Netherlands and Switzerland as well as representatives from the European food and feed industry participated at the RT7.

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
- Daniel Meyer, RTRS Brazil Representative

RTRS Activities 2012

FEMAS and RTRS launch a joint module for responsible soy supply

In a thorough and extensive process of dialogue between UK's Feed Materials Assurance Scheme (FEMAS) and the Round Table on Responsible Soy Association (RTRS) an agreement was made on how to jointly operate in the context of soy certification.

The new FEMAS and RTRS module has the following characteristics:

- it brings together the strength of RTRS sustainability criteria at the farm level, with the pre-existing robust supply chain certification of the food/ feed safety focused FEMAS scheme,
- offers dual FEMAS/RTRS certification, without compromising the criteria of either standard and by complementing both standards,
- it is also compatible with the FEMAS and RTRS Non GM modules, offering an alternative for that market.

The possibility of joint certification allows a smooth integration of RTRS Chain of Custody into an established and proved food security chain of custody system like FEMAS; it facilitates an easy adoption and significant audit time reduction.

RTRS Broad scale maps and HCV guidance for Brazil

The “RTRS broad scale maps and HCV guidance for soy expansion: Multi-stakeholder process” project supports the implementation of responsible soy production in Brazil, according to the RTRS standard, by creating operational maps for responsible soy expansion via a multi-stakeholder process. Reaching agreement on the best way to limit expansion and promote environmental conservation under the RTRS certification standard is a complex process, but an important one as producers, industry, conservation organizations and international users of soy products should be able to explain their points of view regarding this subject.

From the beginning of the project, in January 2012, RTRS worked in the achievements of the following objectives:

Objective 1:

A) Create methodology and guidance for broad scale maps.

B) Create guidance for site-level HCV assessment of RTRS Mapping & System.

Objective 2: To produce Brazil broad scale maps for responsible expansion of soy production for endorsement by RTRS, guidance for site-level HCV assessment and definition of biodiversity-friendly practices.

In order to accomplish all project objectives a Project manager was hired in February 2012 and the Technical Working Group and the Advisory Group was set up in March 2012.

The participants of the Technical Working Group and the Advisory Group were selected from an open call for participation from the RTRS Project Manager, identified from academic/professional experts specialized in the topics related to the project and through RTRS/partner organization networks and contacts.

Pesticide Use Working Group, new RTRS contribution

In order to continue improving and to revise usual practices for responsible soy production, in February 2012 the RTRS decided to create the Pesticide Use Working Group (PUWG). In May 2012, the terms of reference were created and published on the web for those RTRS members wishing to be part of this new working group. The call was closed at the beginning of July and the group was formed by participants from different sectors involved in soy production and trading.

The first group meeting was held on August 27 and its main focus was to give an overview of the use of pesticides. Additionally, the first objectives were outlined:

- to present recommendations on the use of agrochemicals in soy production
- to draft a proposal to revise the indicator related to the RTRS standard
- to recommend measures for reducing the impact of agrochemical use on the environment and people

RT-REDD+ Project

RTRS joined the RT-REDD consortium with the aim of contributing with its expertise in soy certification. During year 2012 RTRS attended several meetings adding the commodity perspective to the rest of the partners with expertise in REDD+, carbon markets, commodity markets and innovative finance. As a result of these discussions the Round Table-REDD alliance has succeeded in obtaining interesting country analysis and jurisdictional initiatives in order to build bridges between REDD+, climate finance and producers seeking roundtable certifications.

RTRS trainings

In June 2012 two training courses were held, one for producers and one for auditors on RTRS P&C Standard.

Also, on 18, 19 and 20 September 2012, a new training course on the RTRS chain of custody standard was held in Buenos Aires (Argentina). The aim of the course was to guarantee an optimal level of competence of the next Lead Auditors responsible for the RTRS standard as the course assumes that auditors' solid training and their ability to perform high quality audits represent a balance among knowledge, skills and attitude. Ten people were trained, some of them Certification Body members and Consultants.

Responsible soy reaches first million tons certified

During the second year of responsible soy certification efforts resulted in a volume of almost 1.000.000 tons of certified material. RTRS doubled the amount of tons certified, compared to 2011.

By the end of 2012, 19 producers and producer representative organizations from Argentina, Brazil, India, Paraguay and Uruguay, had taken the lead by being among the first to go through the process of certification with a positive result. In several other soy producing countries projects were implemented supporting producers to be able to do the same. Bolivia and China being the countries with the most advanced projects of this type.

Budget 2013

The budget 2013 was presented in the Executive Board meeting of October 2012 and after feedback for its improvement it was approved in November 2012. A summary of the profit and loss account is as follows (in Euros).

	<u>Budget 2013</u>	<u>Budget 2012</u>
INCOME		
Project Financing	188.889	771.405
Membership fees	230.489	241.879
Sponsorships	50.000	90.000
Fees RT	50.000	72.000
Trainings	8.000	32.000
Accreditation CB	2.769	10.000
Certification Fee	<u>515.000</u>	<u>300.000</u>
	1.045.147	1.517.284
OPERATING EXPENSES		
Secretariat and Board	315.769	620.952
Criteria Development Process	249.264	335.052
Awareness raising / Outreach	161.779	213.900
RTRS Conference	90.000	131.380
Communication	13.400	40.000
General Assembly	<u>10.000</u>	<u>20.000</u>
	840.212	1.361.284
Budget result for the year	<u>204.935</u>	<u>156.000</u>

Balance as at December 31, 2012

(in euros, after appropriation of result)

ASSETS	December 31, 2012	December 31, 2011
Current assets		
Debtors	96.551	11.971
Other receivables	<u>449</u>	<u>0</u>
	97.000	11.971
Cash at banks	<u>478.518</u>	<u>214.447</u>
Total current assets	575.518	226.418
Non-current assets		
Fixed assets	<u>19.904</u>	<u>24.410</u>
Total non-current assets	19.904	24.410
Total assets	<u>595.422</u>	<u>250.828</u>
EQUITY AND LIABILITIES		
Equity		
Accumulated result	569.621	202.946
Current liabilities		
Creditors	4.368	25.291
Other liabilities	<u>21.434</u>	<u>22.591</u>
	25.802	47.882
Total equity and liabilities	<u>595.422</u>	<u>250.828</u>

Profit and loss account for the year to December 31, 2012

(in Euros)

	Actual 2012	Budget 2012	Actual 2011
INCOME			
Project financing	574.767	771.405	292.085
Membership fees	227.541	241.879	226.882
Sponsorship	46.275	90.000	30.778
Accreditation of Certification Bodies	6.085	10000	6.505
Certification Fee	202.253	300.000	114.014
Trainings	16.427	32.000	55.518
Annual Conference fees	54.138	72.000	24.909
Financial income	216	0	275
	<u>1.127.702</u>	<u>1.517.284</u>	<u>750.967</u>
OPERATING EXPENSES			
Secretariat and Board	434.087	620.952	213.555
Criteria Development Process	114.131	335.052	355.027
Awareness raising / outreach	85.828	213.900	105.780
RTRS Conference	112.562	131.380	50.857
Communication	6.534	40.000	1.424
General Assembly	7.886	20.000	10.800
	<u>761.028</u>	<u>1.361.284</u>	<u>737.443</u>
Result for the year	<u>366.674</u>	<u>156.000</u>	<u>13.524</u>

Cash flow statement for the year ended December 31, 2012

(in euros)

	<u>2012</u>	<u>2011</u>
Cash flow from operating activities		
Operating result	366.674	13.524
Depreciation	4.506	8.120
Movements in operation capital:		
receivables	-84.580	-8.639
other receivables	-449	1.673
current liabilities	<u>-22.080</u>	<u>-52.383</u>
	264.071	-37.705
Cash flow from investment activities		
Investments in tangible fixed assets	0	-2.243
Cash flow from financing activities	0	0
	<u>264.071</u>	<u>-39.948</u>
Movement in cash at banks		
Cash at banks		
As at January 1	214.447	254.395
As at December 31	478.518	214.447
	<u>264.071</u>	<u>-39.948</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

	2012	2011
Current assets		
<i>Debtors</i>		
Certification Fee	94.051	
Membership Fees	<u>2.500</u>	<u>11.971</u>
	<u>96.551</u>	<u>11.971</u>
All receivables are due within one year		
<i>Other receivables</i>		
Withholding tax	<u>449</u>	<u>0</u>
	<u>449</u>	<u>0</u>
All receivables are due within one year		
Cash at banks		
Cash	3.957	3.580
Banks	<u>474.561</u>	<u>210.867</u>
	<u>478.518</u>	<u>214.447</u>
All amounts are free at disposal of RTRS		
Fixed Assets		
equipment	4.217	4.918
trademark	27.062	27.062
Furniture	11.777	11.777
Depreciation	<u>-23.152</u>	<u>-19.348</u>
	<u>19.904</u>	<u>24.410</u>
All amounts are free at disposal of RTRS		

Equity**2012****2011***Accumulated result*

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

As at January 1	202.946	189.423
Result of the year	<u>366.674</u>	<u>13.524</u>
As at December 31	<u><u>569.620</u></u>	<u><u>202.946</u></u>

Current liabilities*Creditors*

Secretariat	10.124	6.721
Outreach	2.157	0
Criteria development costs	2.157	18.569
	<u><u>14.438</u></u>	<u><u>25.291</u></u>

Other liabilities

Salaries and Wages	6.336	5.846
Loan	0	0
Social Charges	<u>15.098</u>	<u>16.745</u>
	<u>21.434</u>	<u>22.591</u>

Income

	<u>Actual 2012</u>	<u>Actual 2011</u>
<i>Member fees</i>		
The breakdown is as follows.		
Producers	17.008	22.746
Industry, Finance and Trade	189.794	181.270
Civil Society	14.927	14.756
Observer members	5.813	8.110
	<u>227.541</u>	<u>226.882</u>

To: Round Table on Responsible Soy Association

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2012 of Round Table on Responsible Soy Association which comprise the balance sheet as at December 31, 2012, 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.

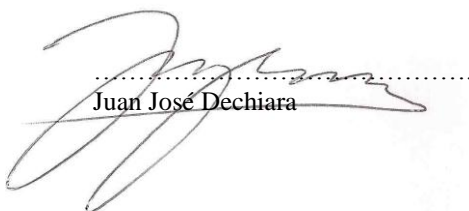
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2012 and of its result for the year then ended.

Buenos Aires, May 2, 2013


.....
Juan José Dechiara