



Round Table on Responsible Soy Association

# **Annual Financial Report 2013**

**April 2014**

**To the Executive Board and RTRS members**

**Auditor:**

**Estudio Dechiara & Asociados**

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## **Annual Report 2013 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 (2013 – 2015):

Civil Society	Representatives	Country
WWF	Sandra Mulder	NETHERLANDS
IPAM	Oswaldo Carvalho	BRAZIL
SOLIDARIDAD	Gert van der Bijl	NETHERLANDS
ACTION FOR SOCIAL ADVANCEMENT	Ashis Mondal	INDIA
Industry, Trade and Finance		
ACSOJA	Patricio Watson	ARGENTINA
RABOBANK	Olaf Brugman	NETHERLANDS
Retailers Soy Group	Belinda Howell	UK
UNILEVER	David Pendlington	UK
AGRIFIRM	Cornel Boere	NETHERLANDS
Producers		
LOS GROBO	Alex Ehrenhaus	ARGENTINA
FAPCEN	Gisela Introvini	BRAZIL
APDC	John Landers	BRAZIL
GRUPO A. MAGGI	Juliana Lopes	BRAZIL
AAPRESID	Martin Descalzo	ARGENTINA

## 2013 Activities

### 2013 General Budget

The estimated budget for the year 2013 reached the sum of € 1,045,147. The real income during such period was € 1,162,810. The main sources were project fundings, annual membership fees, and certification fees. The real expenses during 2013 reached the sum of € 1,123,040 resulting in a € 39,770 net balance.

### Executive Board meetings

During 2013, there were four physical meetings. The first meeting took place in Cuiaba, Brazil, in March 2013; two of them took place during May, in Beijing, China, where the eighth RTRS International Conference was held. After the conference, in September 2013, the committee met again in Utrecht, Netherlands, with the re-elected and new members, who were elected during the 2013 General Assembly. 3 conference calls were held in order to control and supervise different activities such as the development of the certification system, the International Conference, the General Assembly, finance, the activities extension programme, and the annual working plan of the Secretariat.

## **The General Assembly**

On May 29th 2013 afternoon, immediately after the closing of the 8th International Conference on Responsible Soy (RT8), the 7th RTRS General Assembly (GA7) was held. RTRS members approved the financial statements and election of new authorities.

## **Eighth International Conference**

On 28 and 29 May, the RTRS hosted its 8th International Conference on Responsible Soy (RT8) in Beijing, China. For the first time in its history, the 8th edition of this important annual meeting was held in an Asian country. While the purpose of the RTRS conference was to share knowledge and dialogue about responsible soy between all countries and regions where soy is produced and consumed, the programme had a special focus on China as the world's biggest market for imported soy as well as a major producer.

## **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
- Jimena Frojan, Technical Unit Manager
- Facundo Cativiela, Technical Unit Officer
- Jimena Couto, Communications Analyst
- Daniel Kazimierski, Administration and Governance Analyst
- Veronica Chorkulak, Market Development Manager
- Daniel Meyer, Market Development- Brazil
- Lieven Callewaert, Market Development- Europe

## **Secretariat activities in 2013:**

### **RTRS 2013: Another Year with a very positive balance**

On 2013, RTRS went beyond a million tons of certified soy, with Brazil's production accounting for 70% of this figure. Additionally, there was a 40% growth in number of hectares that currently meet RTRS Principles and Criteria, with Brazil and Argentina at the top of this increment. What was new in all this was the inclusion of almost 10 thousand producers (an inter-annual 120% growth), where India leads the statistics, followed by Brazil, showing how small producers can also be certified and be agents of change.

As far as the market goes, credits trades grew more than a 40%, reaching over 730 thousand of sold credits. Some certified physical flows have also started to move in greater volumes from Brazil and Argentina. All of these proves how joining efforts is the key to make responsible soy production a fact.

## **Beginning of Canada's National Interpretation process**

On December 9th, 2013, Canada's National Technical Group (NTG) had its first meeting in Toronto, Ontario. Their goal was to start the process to create a National Interpretation of the RTRS Standard, in order to adapt it to the Canadian production frame.

The experience, participation and focus of the NTG were very much appreciated. Significant stakeholders such as global organizations, RTRS members and important local organizations got reunited at this Technical Group, showing the interest RTRS' uptake has developed in Canada. The process will continue during 2014, and we expect to obtain the final version approved by the Executive Committee, before the end of the year 2014.

## **RTRS Mapping Project for Paraguay**

The RTRS Mapping project started in Paraguay in July 2013. Following the first experience that took place in Brazil, the objective of the Paraguay mapping project is to create large-scale maps to guide the responsible expansion of soy production in Paraguay. In order to implement the above mentioned objectives, the Project coordinator together with the RTRS Secretariat created a technical working group (TWG), which consists of members of civil society, industry and producers representatives, and experts in mapping and biodiversity conservation. The work plan will consist of a number of physical meetings of the technical group, and the GIS (Geographic Information System) Company will integrate the information and will develop the maps. It is expected to receive feedback and new input from an advisory group and from the national stakeholder meeting. Finally, as a participatory processes it is expected to obtain comments and observation from the public consultation, critical to reach a final consensus.

## **Seminar on High Conservation Values in Paraguay**

With the support of the HCV Network, RTRS carried out a Seminar on High Conservation Values (HCV) in Asunción, Paraguay, within the framework of the RTRS Mapping Project. The seminar was held on November 13th and 14th to define the main aspects for the development of the Guide and the HCV Identification Processes in Paraguay. It included participants such as producer associations and private companies, as well as representatives of the Paraguay government. The Minister of Agri-Livestock of Paraguay, Agr. Eng. Jorge Gattini, opened the event and pointed out the importance and the benefits of the participation of associations of Producers in these initiatives.

## **Training for Implementers of the RTRS Standard**

On November 7th and 8th, RTRS held an Introductory Course for Implementers in the Wilton Hotel, Buenos Aires, Argentina. The course was focused on training participants on the Principles and Criteria of the RTRS Standard of Responsible Production and on the Requirements for Group and Multisite Certification. Among the 16 course participants, there were independent professionals and business leaders, as well as members of Certification Bodies and of producer service businesses. Also in the month of July, in the city of Montevideo, Uruguay, a training course for auditors was developed.

## **RTRS Production Standard v2.0**

After three years of RTRS Production Standard v1.0 applicability and a public consultation to guarantee a participative process, RTRS revised its agrochemical indicators for the soy crops. As a result of this, the RTRS Production Standard v2.0 was released. Due to the creation of the Use of Pesticides Working Group, formed by representatives of each of the constituencies, it was possible to discuss and propose some changes related to the agrochemical use over almost a year, and therefore go through 60 days of public consultation. The General Assembly approved these modifications on May 29th, 2013.

### **AAPRESID and RTRS signed an agreement of double certification**

During August 7 and 8, it was signed the "Audit and Double Certification Agreement between the RTRS Production Standard and the AAPRESID AC Standard". In the last two years, both organizations had the chance to work together and set up a team for leveraging the Certified Agriculture Standard as per the RTRS principles. Eventually, after all these years of work, this achievement was met, which will be beneficial for both associations. Basically, what is attained through this development is that producers will be able to carry out the verification of the principles of both standards in one single audit, but aiming at two independent certifications (AAPRESID's and RTRS's), resulting in savings in terms of costs and resources, while allowing producers to obtain two distinctive seals for their production.

### **RTRS Task Force Brazil**

At the beginning of 2013, a working group was created in Brazil called Task Force Brazil. The overall function of this Task Force Brazil is to develop, implement and structure the RTRS activities in Brazil and, in the long turn, to advocate for the mainstream adoption of RTRS soy in that country. Thus, it is expected to define priorities, concentrate energies and resources and strengthen RTRS responsible soy operations in Brazil.

### **GMP+ International and RTRS signed a cooperation agreement**

GMP+ International together with RTRS created the new standard GMP+ B101 *Production and trade of responsible soy*. The main goal is to provide GMP+ participants the possibility for certification for both Feed Safety Assurance and Feed Responsibility Assurance imbedded within a single certification scheme. This prevents overlap of requirements, ensures uniform standards and conditions and allows for limiting the administrative burden of certifications. One (successful) audit would result in certification of multiple scopes.

## Budget 2014

The budget 2014 was presented in the Executive Board meeting of October 2013 and after feedback for its improvement it was approved in December 2013. A summary of the profit and loss account is as follows (in Euros).

	Budget 2014	Budget 2013
<b>INCOME</b>		
Certification fee	296.500	515.000
Member fees	223.840	230.489
Projects Funding	186.033	188.889
Sponsorships	40.000	50.000
Fees RT	17.618	50.000
Trainings	3.000	8.000
Accreditation Fee	1.300	2.769
	<u>768.291</u>	<u>1.045.147</u>
<b>OPERATING EXPENSES</b>		
Secretariat	297.898	346.352
IT Platform (License Fee)	95.000	162.859
RTRS Conference and GA	80.000	100.000
Direct Project Cost	127.095	91.900
Market Development	207.736	68.000
Professional Services	49.763	56.100
Executive Board Meetings	26.356	15.000
	<u>883.848</u>	<u>840.211</u>
<b>Budget result for the year</b>	<u><b>-115.557</b></u>	<u><b>204.936</b></u>



## Balance as at December 31, 2013

(in euros, after appropriation of result)

<b>ASSETS</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>Current assets</b>		
Debtors	42.153	96.551
Other receivables	<u>765</u>	<u>449</u>
	42.918	97.000
Cash at banks	<u>602.007</u>	<u>478.518</u>
<b>Total current assets</b>	<b>644.925</b>	<b>575.518</b>
<b>Non-current assets</b>		
Fixed assets	<u>17.053</u>	<u>19.904</u>
<b>Total non-current assets</b>	<b>17.053</b>	<b>19.904</b>
<b>Total assets</b>	<b><u>661.978</u></b>	<b><u>595.422</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Accumulated result	609.390	569.621
<b>Current liabilities</b>		
Creditors	20.572	4.368
Other liabilities	<u>32.015</u>	<u>21.434</u>
	52.588	25.802
<b>Total equity and liabilities</b>	<b><u>661.978</u></b>	<b><u>595.422</u></b>

## Profit and loss account for the year to December 31, 2013

(in Euros)

	<b>Actual 2013</b>	<b>Budget 2013</b>	<b>Actual 2012</b>
<b>INCOME</b>			
Certification fee	265.756	515.000	202.253
Member fees	226.172	230.489	227.541
Projects Funding	448.717	188.889	574.767
IT Platform Funding	154.361	0	0
Sponsorship	47.963	50.000	46.275
Fees RT	17.425	50.000	54.138
Trainings	15.158	8.000	16.427
Accreditation Fee	1.254	2.769	6.085
Financial income	-13.996	0	216
	<hr/>	<hr/>	<hr/>
	1.162.810	1.045.147	1.127.702
<b>OPERATING EXPENSES</b>			
Secretariat	327.427	346.352	257.990
IT Platform (Purchase and License Fee)	461.457	162.859	78.231
RTRS Conference and GA	109.318	100.000	115.449
Direct Project Cost	60.007	91.900	195.630
Outreach activities	89.713	68.000	65.828
Professional Services	48.528	56.100	35.899
Executive Board Meetings	26.589	15.000	12.001
	<hr/>	<hr/>	<hr/>
	1.123.040	840.211	761.028
Result for the year	39.770	204.936	366.674

## Cash flow statement for the year ended December 31, 2013

(in euros)

	<u>2013</u>	<u>2012</u>
<b>Cash flow from operating activities</b>		
Operating result	39.769,71	366.674,15
Depreciation	3.725,42	4.506,22
Movements in operation capital:		
receivables	54.397,96	-84.580,21
other receivables	-315,69	-448,91
current liabilities	<u>26.785,79</u>	<u>-22.080,17</u>
	124.363,19	264.071,08
<b>Cash flow from investment activities</b>		
Investments in tangible fixed assets	-874,49	
<b>Cash flow from financing activities</b>		
<b>Movement in cash at banks</b>	<u>123.488,70</u>	<u>264.071,08</u>
<b>Cash at banks</b>		
As at January 1	478.518,08	214.447,00
As at December 31	602.006,78	478.518,08
<b>Movement in cash at banks</b>	<u>123.488,70</u>	<u>264.071,08</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**

	2013	2012
<b>Current assets</b>		
<b>Debtors</b>		
Membership Fees	250,01	
Refunds	2385	96.551
Certification Fee	38264,34	
Accreditations	1253,9	
	<u>42.153</u>	<u>96.551</u>
All receivables are due within one year		
<i>Other receivables</i>		
Withholding tax	<u>765</u>	<u>449</u>
	<u>765</u>	<u>449</u>
All receivables are due within one year		
<b>Cash at banks</b>		
Cash	10.611	3.957
Banks	<u>591.396</u>	<u>474.561</u>
	<u>602.007</u>	<u>478.518</u>
All amounts are free at disposal of RTRS		
<b>Fixed Assets</b>		
equipment	3.860	4.217
trademark	27.062	27.062
Furniture	11.777	11.777
Depreciation	<u>-25.646</u>	<u>-23.152</u>
	<u>17.053</u>	<u>19.904</u>
All amounts are free at disposal of RTRS		

**Equity****2013****2012***Accumulated result*

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

As at January 1	569.620	202.946
Result of the year	<u>39.770</u>	<u>366.674</u>
As at December 31	<u><u>609.390</u></u>	<u><u>569.620</u></u>

**Current liabilities***Creditors*

Secretariat	20.572	8.019
Outreach		2.157
Others		2.157
Projects		<u>2.104</u>
	<u><u>20.572</u></u>	<u><u>14.438</u></u>

*Other liabilities*

Salaries and Wages	4.243	6.336
Loan	30.000	0
Social Charges	<u>-2.228</u>	<u>15.098</u>
	<u><u>32.015</u></u>	<u><u>21.434</u></u>

**Income**

	<b>Actual 2013</b>	<b>Actual 2012</b>
<i>Member fees</i>		
The breakdown is as follows.		
Producers	24.843	17.008
Industry, Finance and Trade	182.122	189.794
Civil Society	14.931	14.927
Observer members	4.276	5.813
	<u>226.172</u>	<u>227.541</u>

To: Round Table on Responsible Soy Association

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements 2013 of Round Table on Responsible Soy Association which comprise the balance sheet as at December 31, 2013, 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.

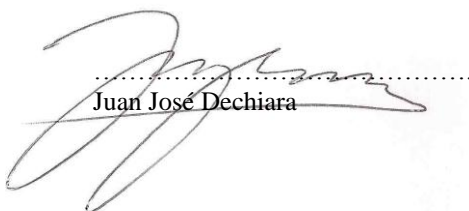
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2013 and of its result for the year then ended.

Buenos Aires, April 7, 2014

  
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Juan José Dechiara