

ROUND TABLE ON RESPONSIBLE SOY ASSOCIATION (RTRS)

Minutes No. 136 of the Executive Board Meeting held on

Thursday, 23 February 2017, 12 CEST (08:00 San Pablo time), in Sao Paulo (Brazil), at Rabobank's offices (in accordance with article 16, section [1] of the RTRS Statutes).

Agenda:

1. Update on RT12.
2. Approval of the Management Report.
3. Update on RTRS' certification impact – Fundacion Espacio ECO.
4. Update on Paraquat.
5. Membership Status.
6. Communication Update.
7. Any other business and Closing.


A. Introduction

The meeting of the Executive Board of Directors of the Round Table on Responsible Soy Association (RTRS) starts at 12 CEST (08:00 Sao Paulo time).

Participants:

RTRS Executive Board members:

- Olaf Brugman, Rabobank (constituency: Industry, Trade and Finance): olaf.brugman@rabobank.com
- Ulises Javier Martinez Ortiz, Fundación Vida Silvestre (constituency: Civil Society Organizations): ulises.martinez@vidasilvestre.org.ar
- Débora Florencia Telles, Nidera S.A. (constituency: Industry, Trade and Finance): dtelles@nidera.com.ar
- Oswaldo de Carvalho Junior, Earth Innovation Institute (constituency: Civil Society Organizations): ocarvalho@earthinnovation.org
- Edegar de Oliveira Rosa, WWF alternate for Jean-François Timmers (constituency: Civil Society Organizations): edegaroliveira@wwf.org.br
- Alex Ehrenhaus, Solidaridad (constituency: Civil Society Organizations): alexe@solidaridadnetwork.org



- Juliana De Lavor Lopes, Amaggi (constituency: Producers):
juliana.lopes@amaggi.com.br
- Gisela Introvini, FAPCEN (constituency: Producers):
giselaintrovini@hotmail.com

Gotomeeting Participants:**RTRS Executive Board members:**

- Belinda Katharine Howell, RSG (constituency: Industry, Trade and Finance): belinda.howell@rpog.org

RTRS Secretariat:

- Marcelo Visconti, RTRS Executive Secretary:
marcelo.visconti@responsiblesoy.org
- Daniel Kazimierski, RTRS Secretariat:
daniel.kazimierski@responsiblesoy.org
- Fernando Olivieri, RTRS Secretariat:
fernando.olivieri@responsiblesoy.org
- Laura Villegas, RTRS Secretariat:
laura.villegas@responsiblesoy.org

Special guests invited:

- Enrique Molas, RTRS External Consultant Paraguay:
enrique.molas@responsiblesoy.org
- Lieven Callewaert, RTRS External Consultant Europe:
lieven.callewaert@responsiblesoy.org
- Cid Sanches, RTRS External Consultant Brazil:
cid_sanches@yahoo.com.br
- James Allen, Project Manager, Lab: james@olab.com.br
- Bárbara Oliveira, Lab: barbarafacilitation@gmail.com
- Isabella Freire Vitali, Brazil Country Director, Proforest:
Isabella@proforest.net
- Guilherme Silva Raucci, Fundação Espaço ECO:
guilherme.raucci@basf.com
- Rodolfo Walder Viana, BASF: rodolfo.viana@basf.com
- Martín Descalzo, Technical Coordinator of the Paraquat Working Group: martindesc@gmail.com

- Cecilia Gabutti, Technical Coordinator of the Paraquat Working Group:
cecilia@gabutti.net

Olaf Brugman, member of the RTRS Executive Board, welcomes the participants to the Executive Board meeting. The agenda is presented and participants are asked whether any additional topics should be included. The meeting begins.

B. Quorum and Proposals

The Executive Secretary ascertains that the quorum required to validly pass resolutions has been reached. The Executive Board considers the following items on the agenda:

1. Update on RT12.

Laura Villegas presents an update of RT12: (i) the organization of the event, (ii) speakers invited and confirmed; (iii) the sponsorship campaign; (iv) communication alignment with RTRS agencies in Europe and Brazil; and (v) actions on China for RT12, among others.

Olaf Brugman comments about the communication actions in South America, and also states that a lot of work has to be done in order to maintain communications with South America and spread it to Europe.

Marcelo Visconti mentions an initiative to make RTRS' producers visible and have them as participants in RT12; he mentions that RTRS will ask them to present pictures of the farms showing the impact of the certification implementation.

Alex Ehrenhaus suggests contacting Rosario Abramo Communication Officer from Solidaridad to ask her for photos.

Regarding the Annual Conference, Juliana de Lavor Lopes, suggests having an Executive Board physical meeting one day before the Conference opens and a half a day physical meeting the day after the Conference ends.

James Allen, Bárbara Oliveira and Isabella Freire Vitali take their part in RT12 update.

James Allen is working with the Executive Board on the message that RTRS shall convey and share with the Annual Conference attendees.

Olaf Brugman comments that RTRS should tell a message that everybody can understand, and that, Deforestation is the main message. He mentions that it is important for RTRS to coach on this topic with RTRS's stakeholders providing them with simple information. Olaf Brugman suggests not only talking about risk mitigation but also including innovation and improvements.

Juliana de Lavor Lopes adds that RTRS has a very good message to convey, a fluent fostering dialogue, and also has an important role remarking what is responsible soy for each actor of the discussion. Juliana de Lavor Lopes highlights that RTRS and Proterra



were launched at the same time and now there are more than 17 (seventeen) different schemes; and furthermore, that RTRS was able to build this dialogue at that time.

Juliana de Lavor Lopes comments that RTRS could state itself as the institution where all people want to be part of, and that this sense of belonging is what she would like to be the outcome, at the end of the conference.

Gisela Introvini mentions that the climate change is a reality. She states that RTRS is a tool to mitigate agriculture' risks, and for practical solutions in the field. Gisela Introvini stresses about the importance of being part of the government's policies.

James Allen confirms that different perspectives will be part of the conference.

Isabella Freire Vitali says that RTRS shall bring the dialogue to all stakeholders. She mentions, that there are different things to take care about and that not all stakeholders have the same interest. She comments that RTRS is more than a certification scheme, and that when RTRS talks about scales is not to focus in one supply chain but to solve the problem.

Belinda Howell agrees with Isabella Freire Vitali's input and states that when RTRS talks about scales the "big guys" shall be engaged, she also adds that RTRS should work on involving the traders.

James Allen suggests Executive Board members working on inviting these strategic stakeholders.

Executive Board members agree.

Isabella Freire Vitali affirms that perceptions take long time to be built and that it is not a question to invite these strategic stakeholders, she also stresses on the need of working to communicate and make these stakeholders understand the transition that RTRS is going through.

Juliana de Lavor Lopes says that traders could be reached by retailers. Belinda Howell mentions that she can help to reach out these people. Olaf Brugman adds that RTRS should reach out national food associations.

Marcelo Visconti comments he had a very positive telephone conversation with FEFAC's President. Marcelo Visconti says that RTRS needs to tell the background of its transition and send this message.

Alex Ehrenhaus mentions that there is a disconnection between RTRS and the Executive Board members that are in charge of the organization, because they are having difficulty in communicating and concreting actions plans. Alex Ehrenhaus affirms that RTRS should be a tool to create awareness.

Juliana de Lavor Lopes says RTRS should have a different dynamic in the General Assembly, so that people can realize where RTRS is moving forward and can participate on it, not only voting.

Alex Ehrenhaus agrees; and states that the General Assembly is just a formality.

The Agenda for the RT12 is presented to the Executive Board members.

In the absence of any objections, Olaf Brugman confirms that the resolution is approved by the Executive Board.

The RTRS Executive Board resolves the following:

“The RT12 Agenda is approved (by consensus).”¹

2. *Approval of the Management Report 2016.*

Laura Villegas explains the process that led to the Management Report.

Laura Villegas states that the Management Report represents a change in the communication's strategy and focuses of RTRS. She stresses about the need of moving “CREDIT SALES” of the communication focus, in order to focus on the RTRS' annual results.

Debora Telles asks how it was done in the past. Laura Villegas confirms that the annual report had never been done in the past in this way. Laura Villegas comments about the many benchmark that the RTRS Secretariat has been working on the last months and mentions that many comments about RTRS' transparency have been done. She adds that the implementation of the current annual report may have a real good impact providing clarity to stakeholders.

Juliana de Lavor Lopes says this is a very good piece of communication and suggests printing it for RT12.

Olaf Brugman adds that if printed it should have the FSC's logo.

The Executive Board members agree on adding to the annual report a short and clear explanation about the 13% (eight per cent) decrease in the annual sales (no FEFAC guidelines; no mass balance trend). Juliana de Lavor Lopes says that RTRS has to explain Unilever's impact on RTRS' 2016 sales.

Debora Telles mentions that the report should include information regarding 2017 (ex. objectives; not focus in numbers). Debora Telles affirms that this information will make the report more serious; and that including a decrease on the sales will be understood as a sign of transparency.

¹ To be confirmed.

Juliana de Lavor Lopes says that RTRS should have the information of the member's sustainability reports in order to include this topic in the annual report.

Debora Telles suggests including profiles of the RTRS Secretariat and of the Executive Board members. All agree on that proposal.

Marcelo Visconti finally introduces the fact of the two-years validity of the credits, he mentions the possible impact that this issue could have in the annual sales' results.

In the absence of any objections, Olaf Brugman confirms that the resolution is approved by the Executive Board.

The RTRS Executive Board resolves the following:

"The Management Report 2016 is approved (by consensus)."

3. *Update of RTRS certification impact – Fundacion Espacio ECO.*

Guilherme Silva Raucci and Rodolfo Walder Viana from Fundação Espaço ECO and BASF join the meeting.

Guilherme Silva Raucci shows the results of the first stage of the report.

Juliana de Lavor Lopes says that Amaggi can help looking for the indicators to measure the RTRS' certification impact and having quantitative data of it. Juliana de Lavor Lopes affirms that if producers have this information of the RTRS' certification impacts, they will spread to other producers, and that the best media is the producer-producer contact. Juliana de Lavor Lopes affirms that producers should be the one communicating RTRS.

Olaf Brugman asks about Green House (GHG) Emissions. Juliana de Lavor Lopes mentions that if in a near future RTRS were able to turn one RTRS soy credit into Green House (GHG) Emissions; it would have a big impact.

Edegar de Oliveira Rosa says that RTRS has to follow Bonsucro's measured impacts, choose RTRS' metrics and instruct producers and auditors to collect the data.

Marcelo Visconti mentions the importance of measure, and comments that this topic is part of the second stage of the report.

Marcelo Visconti adds that RTRS has to take into account the no-tillage in the Green House (GHG) Emissions and the benefits it has for the growers.

Rodolfo Walder Viana says that RTRS has to decide first what indicators wants to quantify and then create a process to quantify them.

Marcelo Visconti asks for next steps. Guilherme Silva Raucci says he will send the report to Executive Board members. Marcelo Visconti commits to speed up the process and have sponsors for this project to step forward.

4. *Update on Paraquat.*

The reports were presented and explained, and the Executive Board's decision process starts.

Juliana de Lavor Lopes suggest extending the Paraquat's time-limit-date in the Standard, she affirms that there is a lot of effort from the producer side.

Juliana de Lavor Lopes also confirms that it was proved in the Working Group, that there is no substitute for Paraquat economically equal as it, and says that no producers will continue with the certification in Brazil without using Paraquat.

Edegar de Oliveira Rosa affirms that in Brazil many producers use other products similar to Paraquat. Edegar de Oliveira Rosa states that prohibiting Paraquat is relevant in terms of credibility of RTRS in the international market; he also mentions that not prohibiting the use of Paraquat may end in a loss in the market.

Gisela Introvini affirms that if the government is involved and includes these topics in the agenda it will make the decision easier. Gisela Introvini mentions that it is difficult to prohibit something that is allowed in a country.

Olaf Brugman suggests extending the time to analyze the economic impact.

Ulises Martinez comments that an agreement about the extension was made three years ago, and nothing changed; and that no better alternative was developed by the industry.

Olaf Brugman states that the time was given to wait for alternatives for Paraquat, and that currently there are no alternatives. He stresses that the objective was to ban the use of Paraquat once an optional technology and economically equal appeared to replace it.

Regarding the Paraquat Working Group process, Olaf Brugman affirms that the Working Group was not able to find solutions. Olaf Brugman states that he does not feel competent to decide on any of the options proposed. He also adds that RTRS waited the market to develop tools that were not developed.

Alex Ehrenhaus states that RTRS needs more time to create alternatives on the replacement of Paraquat.

Olaf Brugman suggests not to have it decided it by General Assembly, but to produce a proposal for the General Assembly on the criteria referring Paraquat in the standard.

Ulises Martinez mentions that RTRS has already given sufficient time to the industry to study Paraquat's alternatives. Olaf Brugman states that RTRS was expecting the market to develop a new option, but the market has not provided that option yet.

Belinda Howell suggests RTRS asking the Paraquat Working Group to summarize as objectively as possible, the evidence both for and against the use of Paraquat on economic, environmental and social impacts. She states that as well as Europe, India and China, and

various standards mentioned in the reports, RSPO NEXT also bans Paraquat after most major producers decided voluntarily to phase it out.

Belinda Howell says that RTRS needs to recognize that there are contradictions regarding this topic, and perhaps needs to specify measures in guidance that will mitigate negative impacts of Paraquat. The views are held strongly on both sides, so RTRS needs to give something to Civil Society and Swiss Retailers and Producers & Industry working hard on the Paraquat Working Group to work with and demonstrate its efforts.

Olaf Brugman proposes to rephrase the indicator; and create an action plan to solve the Paraquat issue.

Ulises Martinez states that the extension about the use of Paraquat is not a possible option for his constituency, and suggests establishing a complement protocol (two models): one of Paraquat free-soy and other of Paraquat non-free soy, in order to analyze the market reaction.

Juliana de Lavor Lopes affirms that Ulises Martinez's option, will not create movement to the market, so it will not change the market. She states that RTRS has to create a government articulation to tackle the issues on Paraquat.

Ulises Martinez admits that the complement protocol is not a perfect solution but is the solution Fundación Vida Silvestre can lead with. He mentions that for Fundación Vida Silvestre, RTRS' certification standard allowing Paraquat would be a disaster.

Marcelo Visconti adds that if the prohibition of Paraquat makes producers not to certify RTRS anymore, it will have a negative impact on RTRS' financial health.

Debora Telles agrees on extending the use of Paraquat in RTRS' certification Standard.

Ulises Martinez states that it is just to add an item to the protocol; just to have a written paper that clarifies Paraquat-free soy.

Belinda Howell affirms she could not contribute on the decision.

Olaf Brugman suggests creating a small committee to work on the inputs of the Paraquat Working Group and think proposals to identify solutions.

Oswaldo Carvalho expresses that his constituency needs to go deeper into the information of WWF on producer's cases that are not using Paraquat. Oswaldo Carvalho affirms he does not feel comfortable to vote.

Edegar de Oliveira Rosa affirms that there are alternatives and that is something that has to be faced. He comments that Paraquat's issue means a risk in terms of reputation for WWF, and that it will take time for the Executive Board members to go inside the constituencies to define a position.

Handwritten signature/initials in blue ink, possibly "ARS" and "AB".

Belinda Howell and Juliana de Lavor Lopes propose the three Vice-Presidents working together on solutions regarding the use of Paraquat.

Edegar de Oliveira Rosa proposes Ulises Martinez to be part of the group.

Juliana de Lavor Lopes asks Jean Francois Timmers to take part in the discussions with Ulises Martinez, and affirms that it will be a good idea that the Vice-Presidents participate in the discussions in order to speed up the process.

Ulises Martinez says he prefers not to be part of this small group, because he has a defined position.

Olaf Brugman expresses that he will not give up on finding a solution about the Paraquat's issue.

In the absence of any objections, a small group conformed by the Vice-Presidents would be asked to work on the Paraquat's decision and solutions, and the three Vice-Presidents will present proposals at least three days before the Executive Board meeting.

In the absence of any objections, Olaf Brugman confirms that the resolution is approved by the Executive Board.

The RTRS Executive Board resolves the following:

"The formation of a small group conformed by the Vice-Presidents to work on the Paraquat's decision and solutions to be presented to the Executive Board three days before the next meeting is approved (by consensus)."

5. *Membership Status.*

Due to the lack of time, it is decided to differ this topic to the next Executive Board meeting.

6. *Communication Update.*

Due to the lack of time, it is decided to differ this topic to the next Executive Board meeting.

7. *Any other business and Closing.*

The meeting is closed at 10 CEST (18:00 San Pablo time)

February 23rd 2017



Olaf Brugman

RTRS Executive Board member



Marcelo Visconti

Executive Secretary of RTRS

JS