

Minutes 126 - EB Conference Call

Date: April 19th, 2016.

Attendees:

Producers: Alejandro O'Donnell (Aapresid); Juliana Lopes (Amaggi); Gisela Regina Introvini (FAPCEN); Jonh Landers (APDC).

Industry, Trade & Finance: Olaf Brugman (Rabobank); Belinda Howell (Retailers' Soy Group); Christophe Callu Mérite (Feed Alliance); Terence Spencer Baines (Unilever).

Civil Society: Alex Ehrenhaus (Solidaridad); Ulises Martínez (Fundación Vida Silvestre Argentina).

Secretariat: Marcelo Visconti; Verónica Chorkulak, Jimena Froján; Lieven Callewaert; Enrique Molas; Laura Villegas; Daniel Kazimierski; Catalina Ale Monserrat; Fernando Olivieri.

Observer: Leslie Leinders (Unilever).

1. Opening and expectations of the meeting.

The agenda is presented and checked for further subjects to be included. The meeting begins.

2. Minutes Meeting 125: the minutes are reviewed page by page.

Page 1: Add the delegation of Ulises's vote to Jean François Timmers.

Page 6: "New definition of HCV" must be removed and change by a more accurate sentence.

Page 9- Activity 3: Replace name of the Brazilian candidate for just "candidate".

[A1]

THE MINUTES WILL BE APPROVED BY EMAIL [A2]

3. RT11- Updates on program, agenda and methodology.

Laura gives an update of the RT11.

She explains that the presentation is a result of the meeting in Brazil the previous week.

The main topics discussed in that meeting were:

- The Agenda.
- The Speakers.

Olaf suggests to confirm the speakers and to give a regularly follow up of their presence by email.

In case there is no specific feedback, he recommends mailing from the EB members

Laura presents the shooting questions for the second session.

There is a consensus on the questions.

RTRS participation during the conference:

Laura asks the EB members to participate as chairpersons during the sessions.

Alex offers to participate in the Value Chain session.

Ulises express his interest in participating on the Landscape planning and intelligence session and Jurisdictional approaches and the future of public policies session, one of them.

Christophe offers his participation in any session.

THE PROPOSAL IS APPROVED.

4. General Assembly

-EB elections

Veronica gives an update of the situation constituency by constituency.

Producers: John Landers will leave. The position should be renewed.

Fazenda Bartira (farm belongs to Brookfield, they have certified in the group of Aliança da Terra) would join as EB member for the producer's constituency.

Industry, Trade and Finance: Waiting for confirmation from Unilever. Nidera has applied for candidacy.

Civil Society: Waiting for confirmation from Earth Innovation.

April 22 is the deadline for submitting candidacies

Olaf is concerned about the participation of Agrex. He suggests to withdraw their EB membership.

Election of authorities

Verónica says that RTRS has planned a joint event for June 3 together with the CGF.

Therefore, the EB Physical meeting where authorities are elected (that usually takes place the day after the conference) should take place after the GA.

THE PROPOSAL TO HAVE THE MEETING AFTER THE GA IS APPROVED.

GA Situation

The GA will take place on June 2, from 14:00 to 17:00.

Verónica explains the Communication schedule as follow:

- On March 4 a first communication and an open call for EB candidates was sent.
- On April 20 the secretariat will send an email with a reminder of dates:

April 22: Deadline for submitting candidates. (Terence suggests to move the day to 25, as there are holidays the 21st and 22nd in Brazil).

May 2: Deadline for sending motions/items to be discussed

May 27: deadline for sending proxies
- On May 10 the RTRS will send agenda and materials for the event.

-New Auditor

Marcelo says that he has contacted 3 auditors to have double check on the accounting.

The auditors will perform 3 tasks:

- Auditor for 2016
- Run an internal audit with regards to administration, taxes and accounting. At the same time, a Finance and administration manager will be incorporated.
- As a requirement for the auditor 2016, they will review the numbers for 2015.

The balance sheet needs to be signed for the Argentinean legal entity and the financial statement that are being globally consolidated will be taken into account and present to the members during GA.

Certain concerns were raised by the auditors, about the consolidated statements and the legal requirements in Switzerland. Marcelo explains that he has consulted with the advisor in Switzerland.

Having an external auditor admitted in Switzerland is only required by Swiss law if certain thresholds are met. Although there are no specific legal requirements for Swiss civil associations, to have financial statements in addition to their accounting as per the books as a result of being a tax exempt entity, swiss tax authorities may request access to such information.

There is a need to analyze if a different form to prepare the financial reports in case public authorities in Switzerland. These will mean additional costs. This is a



potential situation. Until today it is just an accountant in Argentina without knowledge of Switzerland requirements.

Marcelo states that he wants to avoid having to answer in a rush to a request from Swiss authorities.

The quotes presented do not include this potential requirement from the Swiss authorities. They are only to be presented to the members. If a swiss requirement arise, this will mean extra costs.

Marcelo shows the options for the new auditor. His suggestion is to go with Fidem Alliance, as it is the cheapest proposal and also they offer to create a book of administrative processes, and that it not considered by the other ones. Fidem goes a little more in the analysis.

Alex asks if Fidem has a background working with an international NGO. Marcelo answers that Fidem does not have any experience working with this type of organization.

THE AUDITOR IS APPROVED.

Marcelo suggests explaining the reason why RTRS is changing the auditor. Olaf says that is pretty obvious, RTRS has used the same auditor over 6 year, so is very comprehensible, in order to show transparency.

Break from 11.03 to 11.08

5. Credits sales rules & Unilever case.

Veronica gives an overview of the situation.

Situation: Last year Unilever bought 341,057 credits assuming to have the flexibility to extend credits to the next calendar year or even to the second next calendar year (this is something that is used by other rounds tables too, RSPO, Bonsucro, for example).

RTRS has made two documents that specify which the rules for claiming these credits are:

- Logos & Claims Policy where it is said "Organisations that wish to continue making claims in support of responsible soy must purchase credits each calendar year".
- RTRS Trading guidelines where it is also stated that "Purchased credits are linked to the calendar year in which the purchase was made. Those organizations wishing to continue making claims related to responsible soy production support must buy credits every year."

But it is also said in the RTRS Trading guideline that "All existing credits extend their minimum validity until 31st December 2017. Those credits issued from 1st January 2016 will be valid for 2 years." This rule is for producers **[A3]**



The request of Unilever is:

- Enabling the possibility to carry-over credits into the first or second following year after issuing/purchase.
- Sort out this particular situation.
- Formalise this as a generally accepted guideline into RTRS trading guidelines.

Terence is concerned about the situation of Unilever. He would like to open the discussion, because others certification schemes have flexibilities.

Leslie adds that Unilever commitment is to show that they are serious about implementing responsible soy in their supply chain. They have a need for flexibility, to help them manage this potential. In his opinion, there is no negative impact if Unilever has this flexibility.

For Olaf the solution could be to change the rules, to be more flexible.

Veronica says that the decision is up to the EB.

Ulises wants to know how the one year validity for the credits was established in the first time.

Alex answers that this came out in the traceability market claim working group in 2009. The aim was to reduce risk of speculation, and to avoid having any distortion on the market.

Ulises says that he agrees to allow the extension the validity period for two, three years.

Marcelo says that Unilever is one of the most important participants of the purchases of RTRS production and they deserve a quick solution. However, he believes that it would be more difficult to RTRS to manage the budget, aspiration, ambition, and investment; in the case this flexibility is allowed. Also, he mentions that during the meeting in Amsterdam last March, he presented that Unilever was going to buy 339,000 credits during 2016.

Olaf asks about the impact that this modification produces in the budget. Veronica answers that it will cost 101700 euros.

Olaf suggests having a more proactive relation with the members.

The proposal is to extend the validity of purchase of credits by 1 year.

Ulises says 1 proposal could be:

- Extend the credits for a year. The companies have to ask with anticipation of 60/ 90 days.

Terence says that they didn't know that they wouldn't buy until February. When he asks for flexibility is to create certain competitiveness for RTRS from other certificates.

Leslie suggests giving clarity to RTRS. Unilever is going to redeem for that particular year, with that they give more clarity on the Budget. Providing that clarity in the remaining period.

Marcelo says that we were informed, it is ok.

Leslie asks why they don't align with the validity for the producers?

Marcelo answers that this would add more complexity.

Olaf would like to find the solution to not encourage the purchase of RTRS. Olaf says that RTRS extend the period for producers, in order to help them.

Olaf proposal is to extend the validity for 1 year.

Belinda wonders how the identity of who you are buying your credits and mass balance for in the trading system can be firmed up. This is important to avoid companies claiming they have bought the same volume of certified material for different customers.

Marcelo clarifies that from now on, the validation of the credits will be for two years for all the buyers. **[A4]**

THE EXTENSION OF THE CREDITS VALIDITY FOR 2 YEARS IS APPROVED.

6. Update on RTRS Representatives situation

Marcelo gives an update of the situation.

Brazilian Representative:

By the end of this week the Brazilian contract will be finished.

There is no legal entity in Brazil.

The way of contract is being analysed. There are three ways of contracting.

1- First one is not feasible.

2- Legal entity belongs to the representative.

3- To use a third company like Adecco to employ the representative.

Although he doesn't have a legal entity now, Marcelo inclines towards the second option.

He mentions that the law firm will help to create one, and this will take three weeks. The entity will be under the title of "lucro presumido".

Also, he comments that the candidate has asked for a month and a half to do the transfer with his current job, and finish the relationship.

The representative salary is informed. A bit more than the previous representative, but RTRS has the advantage of not having paid a salary for three months.

Olaf is interested to know when RTRS will be ready to have a legal entity in Brazil.

Marcelo answers that he is not able to give a proper reply. He thinks that it will take two years.

Juliana adds that the second proposal is the best one. There were the same risks with the previous representative. She thinks that having a third institution will be more risky. [A5]

THE SECOND PROPOSAL IS APPROVED.

Paraguayan Representative:

RTRS has hired a law firm in Asunción. They finished Enrique's contract yesterday, it is for a full week work. The procedure is easier.

European Representative:

The employment relationship will be for two days per week. The contract will be finished shortly.

7. Any other business

-Motion membership fee

Marcelo explains that the membership was not updated since the beginning of RTRS.

His expectation was much higher of what he has discussed with Juliana. Marcelo will send a mail with the proposal. He wishes to have a 10 or 50% rise. [A6]

Juliana adds that the Brazilian exchange has changed because of the devaluation of the real. Juliana mentions that if membership fee is raised, the members would leave the organization.

-17:07 CET-

----- MEETING CLOSED -----

Activity	Responsible Party	Deadline
[A1] Update Minutes #125	RTRS Secretariat	-



[A2] Send Minutes #125 for its approval	RTRS Secretariat	-
[A3] Clarify in the Guideline that the rule is for Producers	RTRS Secretariat	-
[A4] Add two years of validation for the purchased credits in the RTRS Trading Material.	RTRS Secretariat	-
[A5] Continue the procedure of legal entity.	RTRS Secretariat	-
[A6] Send the proposal of membership fee.	Marcelo Visconti	2nd May

Olaf Brugman
President of RTRS Executive Board