

Five Nations Beef Alliance CEOs Meeting Minutes



Subject: Five Nations Beef Alliance CEOs Meeting

Date: Monday February 4, 2013

Time: 12:00 to 5:00 PM

Location: Marriott Waterside Hotel
Room 1
Tampa, Florida, USA

Attendees:

- | | |
|---------------------|-----------------------------------|
| 1. Andres Piedra | CNOG |
| 2. Alejandro Gomez | CNOG |
| 3. Jesus Ancheta | CNOG |
| 4. John Masswohl | CCA |
| 5. Gustavo Hardt | CARBAP (via teleconference) |
| 6. Scott Champion | B+LNZ (via teleconference) |
| 7. Stephen Edwards | CCAus (via teleconference) |
| 8. Forrest Roberts | NCBA |
| 9. Colin Woodall | NCBA |
| 10. Kent Bacus | NCBA |
| 11. Mike Peterson | NCBA (invited via teleconference) |
| 12. Dianne Harvanek | NCBA |
| 13. Saul Mercado | FNBA |

Agenda:

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|--------------------------------|-----------------|
| 1. Introductions | |
| 2. Action Items Update | Saul Mercado |
| 3. Corporate sponsorships | Forrest Roberts |
| a. Update | |
| b. Administration of funds | |
| c. 2013 Budget | |
| 4. FNBA Structure | Saul Mercado |
| a. Group members | |
| b. Operation | |
| 5. Sustainability | |
| a. FAO meeting in Kenya report | John Masswohl |
| b. Involvement with IMS | |

- c. Summit Forrest Roberts
- 6. Trade
 - a. TPP update John Masswohl
 - Open discussion
- 7. Young Ranchers Projects
 - a. Video contest update
 - b. Long term document
- 8. Expansion
 - a. Strategy with Brazil (CNA)
 - b. CARBAP Gustavo Hardt
 - i. Assessment
 - ii. Views from other Argentinean organizations regarding CARBAP participation in FNBA
- 9. Events
 - a. Next CEOs meeting in Goiania, Brazil (June 26-27, 2013)
 - b. FNBA Conference in Australia (September 9-13,2013)
- 10. Other business

Summary of discussion

Action Items Update.

After introductions, Saul Mercado presented an update on the Action Items agreed on the last FNBA Conference in Banff, Alberta, Canada.

Regarding the Position Statement that has not been signed because of CNOG's disagreement, John stated that a more formal process should be in place to present amendments to this document. It was agreed that when one of the country organization members wanted to propose changes, these should be presented in a draft proposal which would be discussed in a sub-committee or working group.

In this case it would be the Governance (Operations) committee formed by the CEOs of the member organizations. Once discussed, the committee would present the proposed draft to the general assemble during the annual FNBA Conference for final discussion.

Corporate sponsorships.

Forrest Roberts gave an update on the progress of his negotiations with potential corporate sponsors.

Forrest has been working with 4 big targets aiming at contributions of \$50,000.00 each for a total of \$200,000.00. The four target companies are: Pfizer Laboratories, JBS, John Deere and Rabobank.

Pfizer: is committed to contribute \$50,000.00. The allocation of the funds has been delayed due to merging negotiations in the company. Forrest estimates that funds will be received within 30 days.

John Deere: Forrest met with John Deere officers this morning and expressed interest. He will continue talking with them. Forrest estimates their final approval probably by August 2013.

JBS: Based on Forrest negotiations with high ranking officers of the company and considering their massive re-structuring, he thinks JBS's contribution would not be the full amount targeted, but probably \$25,000.00. Forrest will follow-up.

Rabobank: Is the most reluctant candidate. Forrest has doubts that they would approve their contribution this year, but at least the seed has been planted.

Based on these results, Forrest recommended working on a FNBA budget considering only the amount approved by Pfizer. He also proposed to use NCBA as the conduct to receive and administer the funds.

Mike Peterson, NCBA Comptroller, explained that NCBA would ear tagged these funds so they can be fully tracked. NCBA would charge a nominal fee to cover the managing costs.

It was agreed to organize a conference call of the CEOs specifically to discuss the budget, as soon as the funds are received, most likely in March.

This plan of action was approved by all the attendees.

The corporate sponsors would have the opportunity to engage with FNBA in our different conference calls, to attend our annual conference and to have access to producer leaders of the countries represented in the Alliance.

Responding to John Masswohl questions, Forrest reiterated that these agreements are non exclusive, but that we would like to start inviting non competitor corporations under a gentlemen's agreement.

These commitments are for one year at a time.

FNBA Structure:

Two new sub-committees were added to the four already in place.

The groups approved are:

1. Trade
2. Sustainability
3. Animal Welfare
4. Communications
5. Leadership
6. Operations

The Leadership group will work on the Young Ranchers program and projects

The Operations group will deal with budget, administrative and governance issues and will be formed by the five CEOs of the Alliance.

Forrest proposed to organize a schedule of conference calls quarterly. So, every quarter, we would have the following calls:

Month 1: Subcommittees (except Operations)

The groups will discuss what has been done, define actions and next steps and will prepare a report.

Month 2: Operations Subcommittee (CEO members)

The CEOs will focus on governance, Alliance strategy, administrative and budgetary issues.

Month 3: General group (producer leaders and staff)

This group will discuss the subcommittees' reports and updates, will provide input and guidance and will define next steps or plan of action.

All calls will have duration of up to 90 minutes.

Saul Mercado requested names of the missing participants for each committee. Andres Piedra committed to provide CNOG's nominees within 2 weeks. Forrest Roberts gave NCBA participant names. Gustavo Hardt mentioned that CARBAP will participate only in the Trade Subcommittee.

Saul Mercado will prepare the schedule of calls.

Sustainability:

John Masswohl reported that Tamara Thies from NCBA and Fawn Jackson representing CCA attended the FAO meeting in Kenya last month. The meeting was attended by approximately 100 participants with a very weak presence of producers. Our participation representing our group was appreciated.

John also mentioned that he has been in contact with Hsin Huang, International Meat Secretariat general director who said that IMS participates in a working group and in a guidance group in FAO and that they are committed to participate in 2 to 3 meetings a year.

Colin Woodall mentioned that Tamara Thies was able to convince the group to pull out the concept of "do not harm" in the Animal Welfare standards because it is a very subjective concept.

In general the interaction of IMS with FAO has been good. FAO takes IMS input into consideration.

A document on sustainability from FAO is expected to be out in late February of March 2013.

Forrest Roberts reported on a Research Summit that took place in Denver last month. He had the opportunity to meet with Hsin. Forrest feels that there is a good opportunity for FNBA of engaging with IMS in a collaborative way in the regional meat conference in Brazil this year.

Forrest also mentioned that there will not be a summit on sustainability this summer because the certification process has not been completed. We will have a good discussion in our next conference in Australia in September.

No decision has been made on another Global Round Table either, Forrest pointed out.

Trade:

John Masswohl mentioned that the next TPP (Trans Pacific Partnership) meeting will be in Singapore the first week in March 2013. CCA is committed to participate, he added. Participating in the meeting held in New Zealand was very positive and provided good exposure to FNBA. Our common position was used as example for other industries.

The deadline date to register for the Singapore meeting is the 22 of February.

Kent Bacus mentioned that there is a need for stronger Sanitary and Phytosanitary (SPS) standards before NCBA can participate. For the moment NCBA will assume an observation role. Ken estimates that TPP completion will not happen before 2014.

John commented that there are concerns regarding previous bi-lateral or multilateral agreements. He feels that keeping the current agreements and negotiating for better ones in the future may be possible.

Young Ranchers Projects:

John Masswohl reported that Jill Harvie has been working on these projects. Saul Mercado distributed the flyer announcing the Young Rancher video contest which includes terms and deadline dates. Regarding the long term document, John said that draft proposals and contributions should be sent to Ian McConnell from Australia no later than August 1, 2013.

Expansion:

Saul mentioned that the Brazilian organization CNA has not been responsive to our invitations. Forrest asked if Gustavo Hardt from Argentina could assist us in establishing a better communication with them. Gustavo said that they are planning to attend our next CEOs meeting in Goiania in June and that he would be very happy to talk to the Brazilian producer leaders about FNBA and our efforts to include their organization in our Alliance.

Forrest will approach JBS during his negotiations for the sponsorship.

Gustavo elaborated on CARBAP's strong interest in attending our meetings in Brazil and in Australia this year.

Regarding other Argentinean producer organizations, Gustavo said that Sociedad Rural Argentina SRA is facing a big battle with the government over their facilities in Buenos Aires. The government wants to confiscate SRA buildings and fairgrounds where the traditional annual livestock show takes place in Palermo. So they are very distracted with this issue at the present time.

Producers in Argentina are suffering a difficult situation under the current Administration. There is a 15% tax on beef exports, current inflation rate is 26% with an estimated rate for this year of 30%, the highest in Latin America and one of the five highest in the world, there are two exchange rates, the official one of 4 pesos to one dollar and the black market of 8 pesos to a dollar. These factors make it very difficult to compete in the world market. Argentina's beef exports are the lowest in many years, some packing plants have closed, "but we are convinced that better days will come", said Gustavo.

Events:

1. Next CEOs meeting in Goiania, Brazil (June 26-27, 2013)

Saul will communicate with Hsin Huang IMS to coordinate our attendance to the regional Conference and also will determine when to schedule the CEOs meeting, either before IMS event or the day after.

IMS will have an economic workshop in Ireland on July 9-13, 2013.

2. FNBA Conference in Australia (September 9-13, 2013)

Cattle Council Australia offered a second date option on the week of 16 of September 2013. Participants preferred the original date of the week of 9 of September.

Stephen Edwards (MLA) on behalf of Cattle Council Australia presented a preliminary program:

Sunday – arrive in Brisbane for informal welcome dinner
Monday – Day 1 of supply chain tour (Regional Queensland)
Tuesday – Day 2 of supply chain tour (Regional Queensland)
Wednesday – Day 3 of supply chain tour (Brisbane)
Thursday – Conference (Sunshine Coast 1 hour north of Brisbane)
Friday – Conference (Sunshine Coast 1 hour North of Brisbane)
Saturday – Depart

Other business:

John Masswohl brought to our attention the upcoming ISO conference on Animal Welfare standards in Paris. It will take place on February 18-19, 2013.

CCA and NCBA are planning to participate.

Saul will follow up with the members of the Animal Welfare committee next week.

ACTION ITEMS

Action item	Owner	Due date	Comments
1. <u>Corporate sponsorships:</u>			
a. Complete Pfizer deposit of Funds in NCBA account	Forrest Roberts	15 March/13	
b. Schedule Conf. call of Operations Committee to Discuss FNBA budget after Pfizer funds are in.	Saul Mercado	29 March/13	
c. Follow-up conversations With JBS and John Deere	Forrest Roberts	March 2013	
2. <u>FNBA Structure:</u>			
a. Design a schedule of Conf. calls by quarter	Saul Mercado	15 February/13	DONE
3. <u>Young Ranchers Program:</u>			
a. Follow-up with YR participants on video and document projects.	Jill Harvie/Saul Mercado	March/13	in progress
4. <u>Expansion efforts:</u>			
a. Approach JBS to encourage Brazil participation	Forrest Roberts	March/13	
5. <u>IMS:</u>			
a. Communication with IMS On Goiania event in June/13 And FNBA participation	Saul Mercado	29 March/13	
6. <u>Animal Welfare:</u>			
a. Follow-up on ISO conference In Paris with AW committee	Saul Mercado	12 Feb/13	A joint letter was prepared & sent to ISO on Feb. 15/13