

RSPO Membership Rules

All members must comply with the requirements as described in this document.

Endorsed by the Board of Governors on 6 March 2017, in Kuala Lumpur, Malaysia

RSPO Membership Rules 2016

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1.0 Overview

- 1.1 The Roundtable on Sustainable Palm Oil (RSPO) is a global, multi-stakeholder initiative on sustainable palm oil. Members of RSPO, and participants in its activities come from many different backgrounds, including plantation companies, manufacturers and retailers of palm oil products, environmental NGOs and social NGOs and from many countries that produce or use palm oil. The principal objective of RSPO is “to promote the growth and use of sustainable palm oil through co- operation within the supply chain and open dialogue between its stakeholders”.
- 1.2 The purpose of this document is to set out the rules and requirements to become an RSPO member and provide guidance on the administration of RSPO membership.

2.0 Membership Categories and Sectors

- 2.1 An RSPO Member shall be as described in Article 4 of the **RSPO Statutes** and composed of the following category of members:

- Ordinary Members
- Affiliate Members
- Supply Chain Associates
- Honorary Members

- 2.2 **Ordinary Members** shall include:

- (i) Any organisations that have either direct involvement, or have activities around, the palm oil supply chain
- (ii) Banks and investors
- (iii) Non-Governmental Organisations ("NGO")

- 2.2.1 The Ordinary membership can be divided into seven sectors as below:

- (i) **Oil Palm Growers** – Entities that own and/or manage oil palm developments.
 - Grower – Grower of oil palm where the total land area managed for oil palm cultivation is more than 500 hectares.
 - Smallholder - Farmer growing oil palm where the total planted area of oil palm is below 50 hectares in size. Smallholders must form a group and assign a manager. For the purpose of admission to RSPO membership, where the manager is:
 - (i) An individual – the smallholder group must register itself as a legal entity before applying for membership.
 - (ii) An entity – the group manager as an entity shall apply for membership.
 - Small Grower - Grower of oil palm where the total land area managed for oil palm cultivation is more than 50 hectares but less than 500 hectares.
- (ii) **Palm Oil Processors and/or Traders** – Entities who are involved in the processing, producing, purchasing and/or selling of palm oil and/or oil palm products. This sector also include distributors or wholesalers involved in the distribution of products for supply to end product manufacturers or resellers.
- (iii) **Consumer Goods Manufacturers** – Entities that use oil palm products in the manufacturing of goods designed and intended for consumption or end use without requiring further repackaging or processing.

- (iv) **Retailers** – Entities that buy products from a manufacturer or wholesaler, or produce own label products and selling the products directly to consumers or end users.
- (v) **Banks and Investors** – Licensed financial institutions that provide financial services which include commercial/retail banking and investment banking.
- (vi) **Environmental or Nature Conservation Organisations** – Any not-for-profit organisation that are independent from governmental organisations with objectives concerning environmental protection and improvement of the health of the environment.
- (vii) **Social or Development Organisations** – Any non-for-profit organisation that are independent from governmental organisations that focuses on areas that may include social justice, human and labour rights, poverty alleviation and social development.

2.2.2 Ordinary Members shall have voting rights at the General Assembly and are able to publicly state that they are members of RSPO.

2.3 Affiliate Members

2.3.1 Affiliate Members are any individuals or organisations that have indirect involvement or interest in the palm oil supply chain.

2.3.2 The Affiliate membership are be divided into:

- (i) Individuals
- (ii) Organisations
- (iii) Associations

2.3.3 Affiliate Members do not have voting rights at the RSPO General Assembly and they are allowed to publicly state they are Affiliate Members of RSPO.

2.4 Supply Chain Associate

2.4.1 Supply chain associates are any organisations that are active in the supply chain of RSPO certified palm oil and purchase less than 500 metric tons of oil palm products per year.

2.4.2 The Supply Chain Associate membership can be divided into:

- (i) **Organisations** – Entities that are involved in the palm oil supply chain with activities relating to any of the sectors as described under Ordinary Members in Clause 2.2.1 (ii) – (iv).
- (ii) **Supply Chain Group Manager** – Separate entities, as described in Clause 2.4.2 (i), that each uses up to 500 metric tons of oil palm products and formally agree to join a group under the direction of a group manager. The group manager as an entity shall apply for membership.

2.4.3 Supply Chain Associates do not have voting rights at the RSPO General Assembly and they are allowed to publicly state they are Supply Chain Associates of RSPO.

2.5 Honorary Members

2.5.1 An Honorary membership is awarded by the Board of Governors to an individual who has been recognised, to the Board of Governors sole and absolute satisfaction, of their exemplary and long standing contributions to the RSPO.

2.5.3 Honorary Members do not have voting rights at the RSPO General Assembly and they are allowed to publicly state they are Honorary Members of RSPO.

3.0 Application for Membership

3.1 Applicants for RSPO Membership must submit an application to the RSPO Secretariat using the prescribed online membership application form at <http://www.rspo.org/members/apply>.

3.2 The Chief Executive Officer of RSPO shall have the authority to approve the application.

3.3 Only legal entities are accepted for admission in the Ordinary membership category.

3.4 All applications shall be posted on RSPO website for 2 weeks for public comments.

3.5 Grower applicants are required to submit the following:

- (i) It is compulsory for all growers to disclose any non-compliant land clearing. In compliance with the **RSPO Remediation and Compensation Procedure** ("RaCP") as endorsed by BoG on 16 November 2015, related to Land Clearance without Prior High Conservation Value (HCV) Assessment, growers are required to disclose when applying for RSPO membership to the RSPO Secretariat any clearance for expansion after 2005 without prior HCV assessment on land under their control.

Section 3.1 of the RaCP provides that *"Growers applying for RSPO membership shall disclose to the RSPO Secretariat any clearance for expansion after 2005 without prior HCV assessment on land under their control, or else state in writing that no such clearance exists, prior to the two-week public comment period on membership applications. Applications for RSPO membership will be eligible for approval after the Land Use Change analysis has been approved by the RSPO."*

- (ii) Disclosure of time-bound plans to implement the RSPO Principles and Criteria.

- (iii) Estate location and concession maps in Shapefile format (including for subsidiary if any).

3.6 Both Ordinary Members and Affiliate Members shall be bound by the **Code of Conduct for Members of RSPO**, whereas Supply Chain Associates shall commit to adhere to the **Code of Conduct for Supply Chain Associates of RSPO**.

4.0 Membership Fee

4.1 RSPO Membership fees are as described in Article 5 of the **RSPO Statutes**.

4.2 RSPO Member's initial membership shall be for a period of two (2) years ("Membership Period"). The Membership Period will be specified via official notification from the RSPO Secretariat. Upon expiry of the Membership Period, the membership of each RSPO Member shall be automatically renewed (unless the membership is terminated in writing three months before the expiry of the Membership Period) subject to payment of the Membership Fee.

4.3 An Honorary Member will enjoy a non-transferrable lifetime membership tenure and there will be no fees attached to this membership.

4.4 The RSPO membership fee structure are as below:

Membership Category	Membership Sector	Annual Membership Fee (Euro)
Ordinary	(i) Oil Palm Growers <ul style="list-style-type: none"> • Oil Palm Growers – Malaysia • Oil Palm Growers – Indonesia • Oil Palm Growers – Rest of the World • Oil Palm Growers – Smallholder Group Manager <ul style="list-style-type: none"> - > 1999 hectares - 1000 – 1999 hectares - < 1,000 hectares • Oil Palm Growers – Small Grower (less than 500 hectares) 	2,000
	(ii) Palm Oil Processors and/or Traders	2,000
	(iii) Consumer Goods Manufacturers	
	(iv) Retailers	
	(v) Banks and Investors	
	(vi) Environmental/Nature Conservation Organisations	
	(vii) Social/Development Organisations	
Affiliate	Individuals, Organisations, Associations	250
Supply Chain Associate	Supply Chain Associates, Supply Chain Group Managers	100
Honorary Member	Individuals	No fee for life.

5.0 Group Membership

5.1 The compulsory requirement for registration of corporate group under one membership was endorsed by the Board of Governors on 11 November 2016, hereinafter referred to as **Group Membership**. All members must comply with Group Membership with effect from **6 March 2017**.

5.2 For the purpose of Group Membership the following definitions are used:

- (i) **Entity** means a body corporate or organisation which is incorporated or registered under the laws of the country in which the Entity is incorporated or registered.
- (ii) **Control** means:
 - (a) having management control which includes the ability to direct, instruct or manage business activity or administration of an Entity whether by having the ability to influence the board, management of an Entity through shareholding, stock ownership or by contractual or operational arrangement;

- (b) in accordance with whose directions, instructions or wishes an Entity is accustomed or is under an obligation, whether formal or informal, to act in relation to a Parent's direction, instructions or wishes.

Illustrations for Control:

- (a) Where the Parent has a controlling interest in another Entity.
- (b) Where there exists a contractual or operational agreement or arrangement, whether formal or informal, between Parent and another Entity.
- (c) Where an Entity or its directors are accustomed, or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Parent.

- (iii) **Group** means Parent and Related Entities.

Illustration of a Group:

- (a) Where the Parent has a controlling interest in one or more Entities.
- (b) Where the Parent has a controlling interest in one Entity and management control of another Entity by contractual or operational management, both Entities are Related Entities of the Parent.

- (iv) **Parent** means an Entity which has Control over other Entities within its Group.

- (v) **Related Entities** means Entities which are under the common Control of a Parent and shall include a Subsidiary, Associate or other Related Entities.

- (vi) **Subsidiary** means an Entity where the Parent:

- (a) holds (whether as a legal owner or as beneficiary) more than half of the issued share capital of that Entity (excluding any part thereof which consists of preference shares); or
- (b) controls more than half of the voting power of that Entity; or
- (c) controls the composition of the board of directors of that Entity.

- (v) **Associate** means an Entity in which a Parent holds (whether as a legal owner or as beneficiary) less than half of the issued share capital of that Entity or controls less than half the voting power of that Entity.

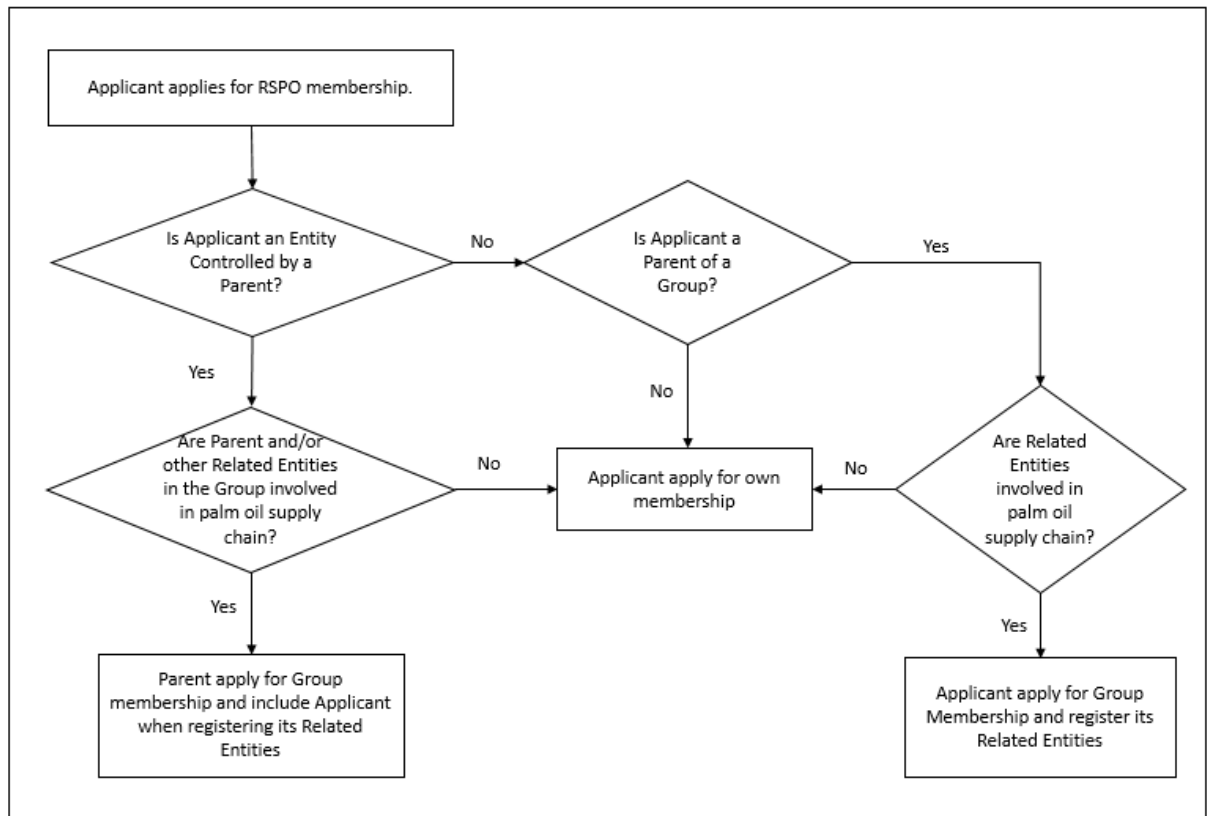
5.3 Where a member or a prospective member is part of a group of Entities, whether a Subsidiary, Associate or other Related Entity falling under the Control of a Parent Entity, only the Parent Entity may apply for membership with the RSPO whereby the Parent Entity shall represent all Entities within its Group provided always that the Parent and the Entities within its Group are involved in activities related to the palm oil supply chain.

5.4 Where only one Entity within a group of companies is involved in activities related to the palm oil supply chain, only that Entity shall register as a member.

5.5 In determining Control, the RSPO may consider whether the Parent has:

- (i) the ability to exert influence over the management and/or activity of an Entity through:
 - (a) ownership of a proportionately significant shareholding in relation to total voting shares of the Entity, whether through a majority or minority shareholding;
 - (b) representation on the board of directors of an Entity.
- (ii) the ability to control, direct and manage the activities of a non-related Entity.

5.6 The administration of Group Membership can be illustrated as follows.



- (i) Where a Parent who is an RSPO member and having one or more Related Entities in its Group who are separately holding RSPO membership, then the Parent shall declare to RSPO all its Related Entities, whether or not they are RSPO members, and register them under the Parent's membership. Thereafter the RSPO membership of the Related Entities shall effectively be cancelled. Should any of the Related Entities hold a membership earlier than that of the Parent's membership, then the Parent's effective membership date shall change to follow that of the earliest membership date of the Related Entity.
- (ii) Where a Parent is not an RSPO member but one or more of its Related Entities are holding RSPO membership then:
 - (a) if only one of its Related Entity is an RSPO member and the Parent is not involved in activities related to the palm oil supply chain, then Group Membership is not applicable to the Parent.
 - (b) if only one of its Related Entity is an RSPO member and the Parent is involved in activities related to the palm oil supply chain, then the Parent shall apply for Group Membership and include the Related Entity under the Parent's membership.

- (c) if two or more Related Entities are RSPO members then the Parent shall apply for Group Membership and declare to RSPO all its Related Entities, whether or not they are RSPO members, and register them under the Parent's membership. Thereafter the RSPO membership of the Related Entities' shall effective be cancelled. Should any of the Related Entities hold a membership earlier than that of the Parent's membership, then the Parent's effective membership date shall follow that of the earliest membership date of the Related Entity.
- 5.7 The Parent is responsible for disclosing to RSPO Secretariat the Related Entities in its Group by way of **Self Declaration**. The RSPO Secretariat may from time to time, request from the Parent its consolidated financial statements or other relevant legal documentation to prove Control of its Related Entities.
- 5.8 To determine the membership sector of the Group, the Parent shall consider the principal activities of the Group and determine the business activity that contributes the most to either the Group's consolidated revenue or its tangible assets.
- 5.9 Members who fail to comply with this rule shall be dealt with in accordance to the RSPO Code of Conduct.