



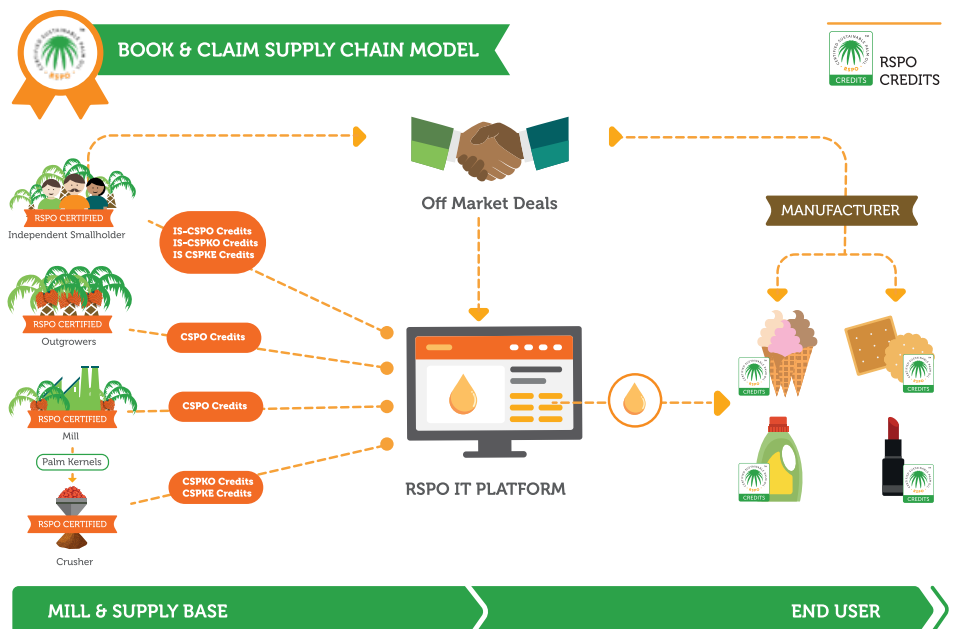
Book and Claim Supply Chain Model

Sustainability at scale with RSPO Credits

What is it?

Book and Claim is an ideal starting point for companies exploring sustainable sourcing supply chain approaches. This model allows businesses to offset the use of conventional palm or palm kernel oil and its fractions and derivatives through the purchase of an equivalent number of RSPO Credits.

Consumer brands and Retailers can purchase RSPO Credits directly from Independent Smallholder groups, Outgrowers, Palm Oil Mills and Palm Kernel Crushers, thereby directly incentivising them without the involvement of the entire supply chain.



What are the benefits?

1) Cost effectiveness and ability to scale

Palm Oil and Palm Kernel Oil Supply chains are long and complex, and involve several actors starting from the production to the finished consumer product.

The demand for transparency and traceability has resulted in the market requiring every actor in these complex supply chains to certify their operations. Traceability, however, comes at a high cost, creating barriers for small and medium-scale companies to adopt sustainable sourcing.

RSPO Credits offers a cost-effective model for sustainable sourcing that is scalable because it does not require decision-making on sustainable sourcing throughout the entire supply chain apart from the last buyer. As a seller of RSPO Credits, the cost of producing palm oil sustainably by complying with the standards remains the same. RSPO Credit prices are determined by the market and are paid directly to the seller, which helps the seller recover their investments in sustainable production. Traded between producers and end users, RSPO Credits save on costs for supply chain certification.

Where the palm-based ingredient in a product may not come from a sustainable source, purchasing an equivalent amount of credits will offset the portion of uncertified palm oil used. Additionally, the trade of RSPO Credits is transparent as the seller and buyer are virtually connected, thus providing assurance of the sustainable origins of the Credits.



What are the benefits?

2) Inclusion of independent smallholders

Groups of independent smallholders sometimes do not have access to a certified mill to sell their certified sustainable Fresh Fruit Bunches (FFBs) or the premiums may not be competitive enough. The Book and Claim model allows for such independent farmer groups to access markets for certified products and benefit from the premiums. The smallholders continue to sell their FFBs to the mill at the market price as conventional, and they can sell Certified Sustainable Palm Oil (CSPO) and Sustainable Palm Kernel (CSPKO) Credits based on their FFB production multiplied by the oil extraction ratio. These credits are then sold virtually at a market price that is paid to them directly. Unlike physical supply chains, buyers of RSPO Credits support the smallholders that have certified their plantations as sustainable by paying a premium directly to the certified smallholders.

Independent smallholders depend on these credits to support their livelihood, helping them pay for audit costs, certification maintenance and best practices training. In rural Indonesia, smallholder farmers have used RSPO Credits to improve their plantations, build offices and businesses, provide educational facilities for children of Indigenous Peoples, and offer medical and ambulance services during the COVID-19 pandemic. In the Tanjung Jabung Regency, Indonesia, RSPO Credits incentivised smallholders to protect and restore their river ecosystem, which cleaned up the water and attracted fish to return in abundance.



What is the impact?

Mills and independent smallholders who sell credits have to comply with the same set of standards as those selling through the physical supply chain models (IP, SG, MB). Although the end consumer products may not contain certified sustainable palm ingredients in this model, the impact that is achieved through the purchase of RSPO Credits is the same as the impact achieved through sourcing IP, SG or MB products. In fact, Book and Claim is a cost effective model to scale up impact on the ground, as the investments typically required in setting up physical supply chains for certified materials can instead be invested in certifying supply bases of the mills and smallholder groups, ultimately scaling up impact.

What is needed to implement it?

Please read the **RSPO Supply Chain Certification Standard** for more details.

Similar to other models, the Book and Claim supply chain model requires sellers to be compliant with production standards. However, the consumer brand manufacturers and retailers who wish to source via this model do not require Supply Chain Certification but only need an audit when the company claims more than 500 credits for a specific calendar year. For more information, please see the annex on Book and Claim in the RSPO Supply Chain Certification Standard.

Oil Palm Products

Products produced from the oil palm, including its fruit and kernels. Depending on the context, the phrase 'oil palm products' in this document can also refer to products such as (crude) palm oil, shells, palm kernels, palm kernel expeller, palm kernel oil (PKO), or products derived thereof, palm fatty acids (PFAD), palm kernel fatty acids (PKFAD), olein, stearin, or other products that are derived from the fractionation of palm oil and palm kernel oil.



You can find additional information in the **RSPO Supply Chain Certification Standard**, or **contact your local RSPO representative** for more information



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