



# LIPSA'S ACTIVITIES ON REGARDS OF EU DEFORESTATION REGULATION



 LIPSA

REVISION DATE:	ISSUE DATE:	REFERENCE:	DEPARTMENT:
1 MARCH 2024	21 JUNE 2023	VERSION 2	SUSTAINABILITY

## PREAMBLE

On 9th June 2023, the EU Deforestation Regulation was published in the EU official journal.

The objective of the Regulation is to minimize the Union's contribution to deforestation and forest degradation worldwide and to reduce the Union's contribution to greenhouse gas emissions.

(\* ) LIPSA is targeted by this Regulation as we market with two relevant products: **palm oil and soybean.**

## LIPSA'S COMMITMENT TO NO DEFORESTATION

As part of our journey to a Sustainable palm oil supply chain, since 2021 LIPSA is **committed to a 100% verified deforestation-free supply chain by 2025.**

For the Soybean oil supply chain, we have rolled this commitment to a zero-deforestation supply chain.

December 2020 is a cut-off date according to the European Regulation.

## LIPSA'S STRATEGY FOR EU-IMPORTED DEFORESTATION REGULATION

LIPSA is working on a Due Diligence approach to cover the new EUDR Regulation and align it with our Responsible Sourcing Policy and our NDPE Policy.

Together with our sustainability partner, **Earthworm Foundation**, we are implementing new tools and procedures to develop a risk assessment for all our raw material suppliers and evaluate where potential risk mitigation measures are needed.

Engaging with our direct suppliers to assess them and to set up an action plan to meet our expectations and commitments is key at this stage.

We have a different approach for palm oil or soybean oil:

### For PALM OIL:

As we are the first importer, the first step is the collection of information:

*The above-mentioned information is based on our current knowledge. Any variation which may change the validity of this declaration will be previously communicated.*

(\* ) When mentioning Palm oil, it includes palm oil, palm kernel oil, and derivatives.

REVISION DATE:	ISSUE DATE:	REFERENCE:	DEPARTMENT:
1 MARCH 2024	21 JUNE 2023	VERSION 2	SUSTAINABILITY

**·Obtain polygons from our suppliers' plantations and their zero-deforestation verification.**

**·Ensure legal compliance with national legislation in the following areas:**

- a. Land use rights.
- b. Environmental protection
- c. Third parties' rights
- d. Labor rights
- e. Human rights protected under international law
- f. Free, prior and informed consent (fpic)
- g. Tax, anti-corruption, trade, and customs regulations.

We have set up monthly check-ins with our key suppliers to ensure they work towardness this compliance.

Each supplier has established their due diligence approach for EUDR to ensure all their suppliers in origin have robust systems in place to guarantee full compliance, in terms of deforestation and legal compliance.

Lipsa will collect this information for every purchase before the physical dispatch. We will conduct a risk assessment and stablish risk mitigation measures, if needed, and request additional supplier evidence when needed.

For every shipment, once it is confirmed there is no risk of no compliance, we will create the **DDS Statement in the EUDR Database.**

After the EU validation, we will receive the **unique reference number** for the corresponding DDS Statement.

This unique reference number will be linked to the specific shipment and will be **transferred across our downstream supply chain.**

**LIPSA will be in the custody of all the documentation related to each DDS Statement we are responsible for.** This documentation will include TTP information, polygons, no deforestation evidence, legal compliance, and additional evidence if required. This information will be fully available in the yearly inspection from the Authority.

**This DDS information will not be shared with our customers for confidentiality purposes but will be available at our premises for any customer visit.**

**For SOYBEAN OIL:**

Lipsa is not an operator according to the Regulation, as we are buying the crude soybean oil already dispatched at the EU level.

*The above-mentioned information is based on our current knowledge. Any variation which may change the validity of this declaration will be previously communicated.*

*(\*) When mentioning Palm oil, it includes palm oil, palm kernel oil, and derivatives.*

REVISION DATE:	ISSUE DATE:	REFERENCE:	DEPARTMENT:
1 MARCH 2024	21 JUNE 2023	VERSION 2	SUSTAINABILITY

We will receive from our suppliers a unique reference number for every contract purchase.

This unique reference number will be linked to every specific purchase contract and will be transferred across our downstream supply chain.

## LIPSA'S BUILDING INTERNAL CAPACITY

- **LIPSA** is monitoring our full palm oil supply chain for deforestation using Starling Satellite technology. By the end of 2024, we will verify deforestation-free according to the EUDR cut-of-date our supply chain.
- LIPSA is developing a digital **traceability tool through our ERP** to ensure that the DDS reference number linked to a specific shipment or purchase contract, is transferred correctly to our customers. This will guarantee that at every moment we keep the traceability of our crude products, intermediates, and final products linked to each purchase. For every product sold to our customers, the DDS reference number will be informed in the Delivery Note. The DDS number is the guarantee that all products commercialized by Lipsa under the scope of the EUDR are covered by a Due Diligence Declaration and are fully compliant with the EUDR Regulation.
- **LIPSA was elected to participate in the pilot testing of the EUDR Information System.** LIPSA participated in exchange sessions with other EU players that were in the piloting testing, to share learnings and improvement recommendations. Lipsa shared with the Commission the feedback on the testing and asked for a test phase 2 after the main amendments and improvements are done.
- **LIPSA is a member of Fediol**, the EU vegetable oil and protein meal industry association, a very effective channel to submit questions and receive updates on the EUDR Regulation. We are participating in all the member meetings for the EUDR implementation.

## CONCLUSION

LIPSA, with all the proactive work and efforts we are putting in place, is in a privileged position to succeed with the EUDR implementation.

We ensure to all our customers that a robust Due Diligence process is in place and no deforestation is linked to any of the commodities affected by the Regulation, that we trade.

At Sta. Santa Perpetua de Mogoda, 1st March 2024.

**Lípidos Santiga, S. A.**  
[sustainability@lipsa.es](mailto:sustainability@lipsa.es)  
**Sustainability Department**

*The above-mentioned information is based on our current knowledge. Any variation which may change the validity of this declaration will be previously communicated.*

*(\*) When mentioning Palm oil, it includes palm oil, palm kernel oil, and derivatives.*



LIPIDOS SANTIGA, S.A.  
CTRA. B-141, KM. 4,3 - 08130 SANTA PERPETUA DE MOGODA (BARCELONA) SPAIN  
TEL: +34 935 743 186  
INFO@LIPSA.ES | WWW.LIPSA.ES