

# PALM OIL RESPONSIBLE SOURCING POLICY

(EXTENSION OF LIPSA RESPONSIBLE SOURCING POLICY  
- PALM OIL RAW MATERIAL)

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 LIPSA



# 1. INTRODUCTION

Lípidos Santiga, S.A. (LIPSA) is a leading company in the vegetable oils and fats sector and an active participant in the palm oil supply chain.

LIPSA acknowledges its responsibility to ensure that palm oil used as a raw material in its operations is sourced in a sustainable and responsible manner, with full transparency and respect for human rights, social rights, and environmental protection.

**This Palm Oil Responsible Sourcing Policy is an extension of LIPSA's Responsible Sourcing Policy, first established in 2019, applies specifically to palm oil as a raw material, and addresses the specific risks associated with the palm oil supply chain.**

LIPSA is a member of the **Roundtable on Sustainable Palm Oil (RSPO)** and uses the RSPO framework as a key reference for responsible palm oil sourcing.

LIPSA recognizes that responsible sourcing of palm oil is a continuous improvement process and commits to working collaboratively with its suppliers to progressively strengthen sustainability practices and risk management across its palm oil supply chains.



# 2. SCOPE OF THE POLICY

This policy applies to **palm oil and palm oil derived raw materials** sourced, traded, or placed on the market by LIPSA.

It covers all palm oil and palm oil derivatives used as raw materials, as well as all suppliers, traders, and third parties involved in LIPSA's palm oil supply chains.

Therefore, suppliers are expected to comply with both **LIPSA's Responsible Sourcing Policy** and the palm oil specific commitments and requirements detailed in this document.



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## 3. COMPLIANCE

The following paragraphs set out LIPSA's principles and commitments under each of the three specific pillars and the expectations for all LIPSA's suppliers to respect and adhere to these commitments as a mandatory practice in their operations.

### PILLAR 1: HUMAN RIGHTS AND SOCIAL PRACTICES

LIPSA is committed to respecting internationally recognized human rights and promoting fair and decent working conditions throughout its palm oil supply chains, in line with the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and any relevant framework reflected in LIPSA's Responsible Sourcing Policy.

Suppliers shall:

- Respect the rights of all workers, including permanent, temporary, and migrant workers.
- Eliminate all forms of child labour, forced, bonded, or compulsory labour.
- Ensure wages, benefits, and working hours meet at least legal requirements, with overtime being voluntary.
- Apply ethical recruitment practices, ensuring transparency and clear communication of employment terms.
- Respect freedom of association and collective bargaining in accordance with applicable laws and ILO standards.
- Provide a safe and healthy working environment, including access to appropriate personal protective equipment (PPE), potable drinking water, sanitation facilities, and, where applicable, adequate housing.
- Promote equal opportunities, diversity, and non-discrimination, ensuring workers are treated with dignity and respect and that harassment, abuse, or violence are not tolerated.

Suppliers shall also:

- Respect the rights of indigenous peoples and local communities, including land tenure rights.
- Apply the principle of **Free, Prior and Informed Consent (FPIC)** where communities may be affected.
- Encourage the **inclusion of smallholders** in the palm oil supply chain and advocate continuous improvement of their livelihoods. LIPSA supports a proportionate approach to sustainability expectations, capacity building, and responsible practices.

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## PILLAR 2: ENVIRONMENTAL PROTECTION

LIPSA is committed to minimizing environmental impacts associated with palm oil production and sourcing. As part of this commitment, LIPSA applies the **NDPE principles (No Deforestation, No Peat, No Exploitation)** as a core element of its palm oil sourcing approach.

This policy is also aligned with LIPSA's efforts to comply with applicable and emerging EU regulatory frameworks, including the **EU Deforestation Regulation (EUDR)**, by reinforcing deforestation-free sourcing, environmental protection, traceability, and supply-chain due diligence for palm oil raw materials.

### No Deforestation, No Peat, No Burning

Suppliers shall:

- Protect High Conservation Value (HCV) areas and conserve High Carbon Stock (HCS) forests.
- Avoid the use of fire for land clearing, land preparation, replanting, or any other agricultural practices.
- Not establishing new plantings on peatlands, regardless of depth.
- For existing plantations on peat, apply RSPO Best Management Practices (BMPs).

As an RSPO member, LIPSA follows the same deforestation cut-off date as RSPO, meaning that palm oil supplied to LIPSA must not originate from land deforested or converted after 31 December 2015.

### Climate, Soil, and Biodiversity

Suppliers are expected to:

- Work towards the measurement and reduction of greenhouse gas (GHG) emissions, where feasible.
- Protect and improve soil health, prevent erosion, and preserve soil fertility and biodiversity.
- Avoid the use of hazardous or toxic chemicals, including substances listed under the Stockholm Convention, the Rotterdam PIC Convention, or classified as WHO Class 1A or 1B.
- Support, where feasible, the restoration of peatlands and previously cleared forests, as well as biodiversity protection and conservation of forest areas within concession boundaries.



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## PILLAR 3: ETHICAL PERFORMANCE

LIPSA expects all palm oil suppliers to conduct their business in a **legal, ethical, and transparent manner**. Suppliers shall:

- Comply with all applicable local, national, and international laws and regulations.
- Act with integrity, transparency, and accountability in their operations and business relationships.
- Support responsible and sustainable supply-chain practices.

Where non-compliance with this Policy is identified, LIPSA may engage with suppliers to seek clarification, encourage corrective actions, and support continuous improvement, considering the nature and severity of the issue.



## 4. TRACEABILITY COMMITMENT

LIPSA recognizes traceability and transparency as key elements of responsible palm oil sourcing and regulatory preparedness. LIPSA works progressively to improve traceability across its palm oil supply chains, specifically to **mill and plantation level**, while acknowledging the structural complexity of global palm oil supply chains.

Traceability information supports LIPSA's ability **to monitor and manage deforestation risks, identify and address grievance cases within its chain of custody, and comply with applicable regulatory requirements**, including the EU Deforestation Regulation (EUDR).

LIPSA's approach to traceability is based on collaboration, continuous improvement, and engagement with suppliers, which are expected to:

- Collaborate with LIPSA to enhance supply-chain transparency and traceability over time.
- Provide available and reliable information on the origin of palm oil supplied to LIPSA, including identification of supplying mills and associated plantations.
- Support continuous improvement initiatives aimed at strengthening traceability systems and data quality.
- Engage constructively with LIPSA in traceability assessments, data-collection processes, and follow-up actions when gaps or risks are identified.

LIPSA may use available tools and information sources, including supplier data and publicly available risk or spatial information, to support its understanding of supply-chain origin, monitor deforestation and grievance-related risks, and prioritize engagement efforts.

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## 5. GRIEVANCE MECHANISM

For palm oil supply chains, LIPSA will follow the same grievance-mechanism principles, requirements, and procedures as those defined in its Responsible Sourcing Policy, including requirements related to the EU Deforestation Regulation (EUDR) and other relevant EU laws.

Suppliers are expected to:

- Ensure that workers and affected stakeholders have access to grievance mechanisms that are safe, confidential, and free from retaliation.
- Address grievances in a fair, transparent, and timely manner.
- Cooperate with LIPSA in the handling, investigation, and resolution of grievances in line with the Responsible Sourcing Policy and applicable legal requirements.





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