

## **MODERN SLAVERY STATEMENT - THE LONDON METAL EXCHANGE AND LME CLEAR LIMITED**

### Introduction from CEOs of LME and LME Clear (LME Group)

Modern slavery is a serious global issue and represents one of the worst forms of human rights violation. We at The London Metal Exchange (“LME”) and LME Clear Limited (“LME Clear”) take this very seriously. We all have a responsibility to be alert to the risks, however small, in our businesses and in the wider supply chain. Staff at the LME and LME Clear are expected to report concerns and management are expected to act upon them.

### Organisations’ Structure

The LME and LME Clear form the world centre for industrial metals trading and clearing. The LME and LME Clear are part of the Hong Kong Exchanges and Clearing Group.

The LME and LME Clear each have an annual turnover in excess of £36m and each organisation is therefore subject to the requirements of the Modern Slavery Act 2015.

### Our Business

Our UK business consists of the LME and LME Clear.

The business of the London Metal Exchange is to provide facilities for trading in LME contracts, providing access to trading to LME Members and, through them, to their clients. It is a Recognised Investment Exchange and a Benchmark Administrator, regulated by the Financial Conduct Authority.

LME Clear’s business is the provision of clearing and settlement facilities for LME contracts to its members, who are themselves members of the LME, acting as central counterparty for all business taking place on the LME. It is a Recognised Clearing House authorised and regulated by the Bank of England.

### Our Policy on Slavery and Human Trafficking

The LME and LME Clear are committed to ensuring that there is no modern slavery (including slavery, servitude, forced and compulsory labour and human trafficking) in our companies or in our supply chains. Our Modern Slavery Policy, which is reviewed annually by staff with oversight from committees of the LME and LME Clear Boards, is available to all staff and reflects our commitment to acting ethically and with integrity and to implement and enforce effective systems and controls to ensure modern slavery is not taking place in our supply chains. In 2019, we once again reviewed our Modern Slavery Policy to ensure it continued to be fit for purpose and could continue to provide a suitable framework for developing our approach for dealing with modern slavery.

We operate in accordance with policies related to equal opportunities and bullying & harassment. We also have a robust Grievance Policy and procedure and a Whistleblowing Policy to ensure that our staff can raise any form of concern – including to outside authorities - without fear of reprisal.

These arrangements, and our commitment to protect our employees, ensure modern slavery is not taking place within the LME and LME Clear.

### Our Supply Chains

LME and LME Clear do not act as producers, manufacturers or retailers of any physical goods. Our objective is to provide facilities for the trading and clearing of LME contracts for our members. The main suppliers to our business are providers of support services such as IT, legal advice and financial information. Note that there are other third party organisations that perform a role in the wider context of the market but which do not represent a part of our supply chains given the nature of the relationship between those organisations and LME or LME Clear e.g. exchange/clearing house members, warehouse operators and metals producers.

### Responsible Sourcing

Beyond our responsibilities under the legislation, we also recognise that we are in a position to help influence change in areas that are not within our supply chain but which are part of the wider market.

In October 2019 we announced our responsible sourcing requirements following a formal market-wide consultation on proposals underpinned by the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

These requirements, are designed to ensure that market participants taking delivery of metal through the LME can be sure that this metal has been sourced responsibly, in line with international principles, and they rest on four core concepts: the combination of transparency and standards; non-discrimination between large-scale mining and artisanal / small-scale mining; adherence to the well-established responsible sourcing standards in the mining sector; and a pragmatic and clear process to compliance.

Full engagement is required by 2022 and full compliance by 2023. Additionally, as part of these requirements, we will also require all brands to work towards ISO 14001 in respect of environmental management, as well as ISO 45001 for occupational health and safety.

### Due Diligence Process in LME Group's supply chain

The LME and LME Clear have continued to undertake due diligence on new suppliers when we enter into a business relationship with them. In 2019, we continued to have no suppliers who presented a high risk of Modern Slavery but, looking forward, we will revisit those suppliers to whom we previously ascribed a “medium” risk rating. Relevant suppliers will also continue to be issued with a Modern Slavery questionnaire at onboarding.

During 2019, work was undertaken to bring together key details concerning all of our regular suppliers in a way which enables to us to monitor vendor/supplier risk. In future, we intend to leverage this resource to enable ongoing monitoring of risk related to Modern Slavery more effectively, including a potential expansion of Key Performance Indicators which are relevant to this subject.

## Training

Our Modern Slavery Policy is kept up to date and made available to all staff in an accessible area of our intranet site. Training in respect of Modern Slavery for all new starters includes an attestation that individuals have read and understood the policy. This is helping to educate all staff members and create awareness of the importance of the fight against modern slavery. In 2019, we also issued a Compliance Bulletin to all staff to again highlight the issue in an accessible format.

Looking forward, we intend to develop mandatory refresher training for all staff on this subject and to implement focused training for those whose roles have most relevance to the fight against modern slavery.

## Working Group

We have also now established a working group to consider modern slavery matters in more detail. The working group brings together relevant staff from Compliance, Risk, Procurement and Human Resources in order to focus on ways that our collective experience and access to data can bring about a meaningful evolution in our approach to the management of modern slavery risk.

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This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2019.

## Annual Review

This statement will be reviewed annually and updated as required. The Boards of LME and LME Clear have approved this statement.



Matthew Chamberlain

Chief Executive Officer, LME



Adrian Farnham

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